

November 12, 2021

**COMMISSIONERS:** Richard Laferte, Chair      Christal Curtis, Vice Chair  
Paul Chaiken      Awa Conteh  
Charles Boothby      Buster Leen  
Katelyn Michaud

Notice is hereby given that the Annual Meeting of the Board of Commissioners of the Housing Authority City of Bangor will be held on **Wednesday, November 17<sup>th</sup> at 12:00 PM** at 161 Davis Road in the Board Room.

**The purpose of this meeting is to discuss the following:**

1. Welcome and Approval of Minutes
2. Management Report
3. Finance Report
4. Boys & Girls Club of Bangor Report
5. Department Head Updates
6. Old Business
7. New Business
8. Open Forum
9. Adjourn

## Housing Authority City of Bangor

October 12, 2021

### REGULAR MEETING,

Present: Commissioner Laferte, Executive Director, Michael Myatt, General Counsel, Joe Bethony and Administration Manager Angie McCluskey

By Remote: Commissioner Chaiken, Commissioner Leen, Commissioner Michaud and Commissioner Conteh.

Also, by Remote: Director of Finance Eric MacDonald, Director of Construction & Asset Management Bob Rhodes, Director of Maintenance, Jim Brochu, Director of Resident Services, Liz Marsh, Director of Voucher Programs, Donna Peirce and Director of Property Management, Melissa Rhodes.

Absent: Commissioner Charles Boothby and Commissioner Christal Curtis.

**1. Welcome** - Commissioner Laferte welcomed everyone to the meeting.

**2. Review of Minutes-** Commissioner Leen made a motion to adopt the minutes as written. Commissioner Chaiken seconded the motion. Vote by roll call, Commissioner Laferte, yes. Commissioner Chaiken, yes. Commissioner Michaud, yes. Commissioner Conteh, yes, Commissioner Leen, yes. Motion passed. All were in favor. Absent: Commissioner Boothby, Commissioner and Commissioner Curtis.

**3. Executive Directors Report- Mike Myatt gave an overview of the managers' report, also discussed:**

The reconstruction of the Finson Road fire will be underway soon. Bob Rhodes will give an update on the fire later in the meeting.

HUD has implemented a Funding Shortfall Program this year that we applied for in the summer. Our month of operating reserves were not as high as HUD likes to see so this made us eligible to apply for the program. This is not an annual program. We are working with HUD to have a financial plan in place to draw down the money.

**4. Committee Reports-**

**a. Finance Committee/Finance Report–** Director of Finance, Eric MacDonald gave an overview of the finances. Also discussed was the utilization for Section 8. They are at 101% of dollars utilized but are still down on units utilized.

We are preparing for the budget and hope to have a draft for the November or December board meeting.

**b. Boys & Girls Club Committee** – The Club is doing well and has been receiving grants for 2021 and working on grants for 2022. They had a Board Member step down and are working on new officers.

## **5. Department Head Updates -**

**a. General Counsel, Joe Bethony** –We have been working on our snow removal contracts and have them in place for the 2021-22 snow season. We have also received an extension on our land development permit for the Davis Road project. The extension is for one-year. We have submitted our most recent set of plans to Maine Housing and are hoping to break ground in March of 2022.

We just had a court date for the eviction of 5 properties. One of the properties went forward with eviction while the other properties are working with the rent relief program to get caught up on back rent. The Rent Relief Program has been a great resource for our residents. We hope that they will continue to work with Penquis and General Assistance for help with their rent.

**b. Director of Construction & Asset Management, Bob Rhodes**-Bob gave an update on the Capital Fund Projects for 2021. The sidewalk replacement project for the Capehart sidewalk project has been completed. The driveways on the Davis Road are done and they have moved to zone 2. The rebuild of the Finson Road fire units is underway and should have exterior walls by the end of the week.

**c. Director of Maintenance, Jim Brochu**-Currently there are 8 units down that we are working in and 3 down for the construction from the fire. We have transitioned the mowing crew to working in units with a more experienced worker.

**d. Director of Property Management, Melissa Rhodes**-The Property Management Teams main focus has been on getting rents caught up and helping tenants apply for Rent Relief. Melissa and Joe Knox have been processing applications for tenants. The guidance for Rent Relief has changed again and they can pay the tenant up to 3 months ahead on subsidized housing. Rents are being paid and the accounts are looking better. We continue to help tenants with resources to keep them up on their rents and housed.

HUD has released a new notice in terms of sending nonpayment notices to tenants. Starting November 8, 2021, we need to enclose a summary of the Rent Relief Program when we are sending a 30-day nonpayment notice to the tenant.

**e. Director of Resident Services, Liz Marsh**-Liz is continuing to work with the state on the new MOHMS program. She has also been working with the Urban Institute on a program that will provide training and support to other FSS programs around the state and country. FSS held their first community free yard sale that was a big success. They are looking to make this an annual event. The Trunk or Treat will be held in the parking lot at the Administration Building on October 28, 2021.

**f. Director of the Housing Choice Voucher Program, Donna Peirce-**The voucher program has leased up 420 vouchers. We have 13 port- in vouchers, 4 Vash and 5 Mod Rehab vouchers. We were issued 15 Emergency Housing Vouchers and they are all spoken for. We have one participant leasing up this week. Our payment standards have increased for a 1- or 2-bedroom apartment and all other standards remain the same. The Section 8 team has been working with Pulse to create new videos for the BangorHousing website. There is one for landlord briefings and one for tenant briefings.

**5. Old Business-**None

**6. New Business-**Commissioner Laferte and Commissioner Chaiken will be attending a Strategic Planning Meeting for NERC. Commissioner Laferte will be sworn in as Vice President of Commissioners and Commissioner Chaiken will be sworn in as a Commissioner of the NERC board.

**7. Open Forum-**None

**8. Meeting Adjourned-**Commissioner Conteh made a motion to adjourn the meeting. Commissioner Chaiken seconded the motion. All were in favor.

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Michael W. Myatt, Secretary

## Executive Director's Report – November 2021

### Public Housing

<u>Project Name</u>	<u>Current Occupancy</u>	<u>Year to Date Occupancy</u>
Capehart	98%	97%
Griffin Park	94%	99%
Birch Circle	96%	99%
Nason Park	98%	99%

### Managed Properties

<u>Project Name</u>	<u>Current Occupancy</u>	<u>Year to Date Occupancy</u>
Autumn Park	96%	96%
Crestwood	100%	98%
Greenfield	99%	99%
The Lofts	92%	98%
Griffin Square	92%	92%
Ohio Street	100%	100%

**Office Renovations:** Over the past several weeks we have been working on a redesign of our office space to change the use to more of a community learning center for our residents. I'll bring some copies to share to the meeting for you to consider. We are now evaluating the overall cost for this construction work to determine if it is feasible.

**2020 Agency Audit:** Our audit has been completed and has been uploaded into the HUD database. A copy is enclosed for your records.

Department Head updates will be provided at the meeting, if time permits.

### **AMP 1 Summary**

Line Item:

- A: Total Income: Collected Rental Income is caught up after being down due to Covid, the variance is positive now as more tenants are able to pay. This is also due to conservative budgeting due to the pandemic. Also, we received a family's forward grant.
- B: Misc. Sundry: Due to all allocated sundry accounts are under budget.
- C: Admin Sal/ Ben: Due to allocation change these accounts are under budget.
- D: Resident Services: Due to seasonal help and reallocation of employees' salaries, this is due to grants we received, budget is based on a 12 -month equal spread.
- E: Travel & Training: Travel is down due to Covid, will start to pick up now that things are back open.
- F: Work Orders: Lots of work being done in AMP1, more turns than normal. The budget is based on a 12-month equal spread.
- G: Utilities: Current month is correct; we are under budget; budget is based on a 12 -month equal spread.
- H: Insurance: Due to new insurance policies in April of 2021.
- I: FSS-Escrow Deposits: Due to the FSS program growing.
- J: Equipment/EPC Cons: Yearly EPC Consultant Fee hit last month; the budget is based on a 12-month equal spread.

### **AMP 4 Summary**

Line Item:

- K: Work Orders: Work orders are down, due to not having many turns.

## **HCV Summary**

Line Item:

L: Total Income: Underfunded HAP from HUD and CARES act funding are causing the variance. We are using the CARES act funding to put towards Admin Salaries

M: HAP Paid to LL: Actuals are less than budgeted amount.

## **Local Programs**

Line Item:

N: Total Income: Due to mgmt. fees increasing due to increase in contract rents in the BHDC.

## **COCC Summary**

Line Item:

O: Total Income: Due to Fee for Service being under budget due to being workers down.

P: Operation/Off Exp: Due to all allocated sundry accounts are under budget.

Q: Admin Salaries: Annual raises, the YTD is over due to earned time cash out due to COVID. The budget is based on a 12-month equal spread.

R: Travel & Training: Under budget due to not being able to attend training events due to Covid.

S: Work Orders: Due to Maintenance salaries increasing due to mowing crew, budget is based on a 12-month equal spread.

T: Utilities: Current month is correct; we are under budget; budget is based on a 12 -month equal spread.

**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: Public Housing - AMP 1      Project: Consolidated**

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget	
<b>INCOME</b>									
Rental Income	185,004.00	189,912.67	(4,908.67)	2,084,409.65	1,899,126.67	185,282.98	2,278,952.00	(194,542.35)	
Operating	371,159.61	301,245.76	69,913.85	3,222,377.20	3,012,457.51	209,919.69	3,614,949.00	(392,571.80)	
<b>TOTAL INCOME</b>	<b>556,163.61</b>	<b>491,158.43</b>	<b>65,005.18</b>	<b>5,306,786.85</b>	<b>4,911,584.18</b>	<b>395,202.67</b>	<b>5,893,901.00</b>	<b>(587,114.15)</b>	<b>A</b>
<b>EXPENSES</b>									
Allocated Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
FSS/Families Forward	9,180.23	0.00	(9,180.23)	14,683.08	0.00	(14,683.08)	0.00	(14,683.08)	
Operation/Office Expense	26,526.11	21,164.65	(5,361.46)	165,613.78	211,646.65	46,032.87	253,976.00	88,362.22	B
Admin Salaries/Benefits	82,425.26	79,680.58	(2,744.68)	771,152.95	796,805.83	25,652.88	956,167.00	185,014.05	C
Mgmt Fees	44,485.00	43,332.83	(1,152.17)	442,699.67	433,328.33	(9,371.34)	519,994.00	77,294.33	
Asset Mgmt Fee	0.00	5,150.00	5,150.00	61,440.00	51,500.00	(9,940.00)	61,800.00	360.00	
Legal	1,884.48	208.33	(1,676.15)	9,946.02	2,083.33	(7,862.69)	2,500.00	(7,446.02)	
Bookkeeping/Fee Account Fee	3,750.00	3,669.42	(80.58)	37,537.50	36,694.17	(843.33)	44,033.00	6,495.50	
Bad Debts/Credit/Bank Charges	2,382.78	3,085.66	702.88	28,980.82	30,856.66	1,875.84	37,028.00	8,047.18	
Resident Services	46,637.36	38,691.34	(7,946.02)	471,277.92	386,913.34	(84,364.58)	464,296.00	(6,981.92)	D
Travel & Training	764.58	3,291.67	2,527.09	8,719.27	32,916.67	24,197.40	39,500.00	30,780.73	E
Work Orders - Maint	171,203.39	131,563.25	(39,640.14)	1,708,566.17	1,315,632.50	(392,933.67)	1,578,759.00	(129,807.17)	F
Utilities	51,983.62	99,852.17	47,868.55	964,631.18	998,521.67	33,890.49	1,198,226.00	233,594.82	G
Pilot	0.00	10,468.25	10,468.25	106,531.07	104,682.50	(1,848.57)	125,619.00	19,087.93	
Insurance	23,609.30	22,017.50	(1,591.80)	236,093.00	220,175.00	(15,918.00)	264,210.00	28,117.00	H
FSS-Escrow Deposits	16,944.00	10,000.00	(6,944.00)	139,064.61	100,000.00	(39,064.61)	120,000.00	(19,064.61)	I
EPC Principal/Interest	10,184.61	10,207.17	22.56	105,491.91	102,071.67	(3,420.24)	122,486.00	16,994.09	
Equipment /EPC Conslt Fee	382.00	8,833.33	8,451.33	40,149.50	88,333.33	48,183.83	106,000.00	65,850.50	J
<b>TOTAL EXPENSES</b>	<b>492,342.72</b>	<b>491,216.15</b>	<b>(1,126.57)</b>	<b>5,312,578.45</b>	<b>4,912,161.65</b>	<b>(400,416.80)</b>	<b>5,894,594.00</b>	<b>582,015.55</b>	
<b>SURPLUS</b>	<b>63,820.89</b>	<b>(57.72)</b>	<b>(63,878.61)</b>	<b>(5,791.60)</b>	<b>(577.47)</b>	<b>5,214.13</b>	<b>(693.00)</b>	<b>5,098.60</b>	



**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: Public Housing - AMP 4      Project: Consolidated**

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
<b>INCOME</b>								
Rental Income	17,787.00	16,860.08	926.92	169,794.12	168,600.83	1,193.29	202,321.00	(32,526.88)
Operating	15,675.28	15,067.49	607.79	153,825.05	150,674.99	3,150.06	180,810.00	(26,984.95)
<b>TOTAL INCOME</b>	<b>33,462.28</b>	<b>31,927.57</b>	<b>1,534.71</b>	<b>323,619.17</b>	<b>319,275.82</b>	<b>4,343.35</b>	<b>383,131.00</b>	<b>(59,511.83)</b>
<b>EXPENSES</b>								
Operation/Office Expense	1,517.51	1,317.07	(200.44)	9,429.51	13,170.82	3,741.31	15,805.00	6,375.49
Admin Salaries/ Benefits	5,301.15	4,746.41	(554.74)	42,132.77	47,464.16	5,331.39	56,957.00	14,824.23
Mgmt Fees	4,428.50	4,207.08	(221.42)	43,964.67	42,070.83	(1,893.84)	50,485.00	6,520.33
Asset Mgmt Fee	0.00	500.00	500.00	6,000.00	5,000.00	(1,000.00)	6,000.00	0.00
Bookkeeping/Fee Accounting	375.00	356.25	(18.75)	3,337.50	3,562.50	225.00	4,275.00	937.50
Bad Debts/Credit/Bank Charges	45.58	158.00	112.42	1,097.38	1,580.00	482.62	1,896.00	798.62
Resident Services	365.86	0.00	(365.86)	7,407.23	0.00	(7,407.23)	0.00	(7,407.23)
Travel Training	0.00	25.00	25.00	41.88	250.00	208.12	300.00	258.12
Work Orders - Maint	6,282.12	8,757.17	2,475.05	71,375.12	87,571.67	16,196.55	105,086.00	33,710.88
Utilities	4,988.80	6,986.83	1,998.03	57,438.71	69,868.33	12,429.62	83,842.00	26,403.29
Pilot	1,280.00	1,016.92	(263.08)	11,184.00	10,169.17	(1,014.83)	12,203.00	1,019.00
Insurance	1,268.65	1,268.66	0.01	12,686.50	12,686.66	0.16	15,224.00	2,537.50
EPC Principle/Interest	1,333.73	1,400.00	66.27	13,725.37	14,000.00	274.63	16,800.00	3,074.63
Equipment	0.00	0.00	0.00	3,576.50	0.00	(3,576.50)	0.00	(3,576.50)
<b>TOTAL EXPENSES</b>	<b>27,186.90</b>	<b>30,739.39</b>	<b>3,552.49</b>	<b>283,397.14</b>	<b>307,394.14</b>	<b>23,997.00</b>	<b>368,873.00</b>	<b>85,475.86</b>
<b>SURPLUS</b>	<b>6,275.38</b>	<b>1,188.18</b>	<b>(5,087.20)</b>	<b>40,222.03</b>	<b>11,881.68</b>	<b>(28,340.35)</b>	<b>14,258.00</b>	<b>(25,964.03)</b>

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**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: S8 Vouchers      Project: Consolidated**

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget	
<b>INCOME</b>									
Oper Sub -HAP	229,049.00	220,868.25	8,180.75	2,183,687.00	2,208,682.50	(24,995.50)	2,650,419.00	(466,732.00)	
Oper Sub - Admin Fees	25,858.00	26,763.75	(905.75)	273,227.00	267,637.50	5,589.50	321,165.00	(47,938.00)	
CARES Act - COVID Funding	0.00	0.00	0.00	97,238.80	0.00	97,238.80	0.00	97,238.80	
Int Earned on UNA	42.17	97.42	(55.25)	498.99	974.17	(475.18)	1,169.00	(670.01)	
Oper Sub - FSS	0.00	626.92	(626.92)	0.00	6,269.17	(6,269.17)	7,523.00	(7,523.00)	
Adm Ports- Portables	592.38	1,186.75	(594.37)	4,559.06	11,867.50	(7,308.44)	14,241.00	(9,681.94)	
Collection	0.00	208.33	(208.33)	0.00	2,083.33	(2,083.33)	2,500.00	(2,500.00)	
FSS- Forfeitures	0.00	0.00	0.00	5,382.97	0.00	5,382.97	0.00	5,382.97	
Misc	0.00	0.00	0.00	753.22	0.00	753.22	0.00	753.22	
<b>TOTAL INCOME</b>	<b>255,541.55</b>	<b>249,751.42</b>	<b>5,790.13</b>	<b>2,565,347.04</b>	<b>2,497,514.17</b>	<b>67,832.87</b>	<b>2,997,017.00</b>	<b>(431,669.96)</b>	<b>L</b>
<b>EXPENSES</b>									
Allocated Expenses	2,697.50	0.00	(2,697.50)	5,997.50	0.00	(5,997.50)	0.00	(5,997.50)	
Operation/Office Expense	7,738.52	2,403.68	(5,334.84)	23,419.50	24,036.68	617.18	28,844.00	5,424.50	
Admin Salaries/Benefits	15,899.51	16,184.58	285.07	170,210.69	161,845.83	(8,364.86)	194,215.00	24,004.31	
Mgmt/Bookkeeping Fees	8,073.00	8,151.00	78.00	80,730.00	81,510.00	780.00	97,812.00	17,082.00	
Legal	0.00	125.00	125.00	0.00	1,250.00	1,250.00	1,500.00	1,500.00	
Travel & Training	0.00	333.33	333.33	(118.31)	3,333.33	3,451.64	4,000.00	4,118.31	
Work Orders	1,460.27	1,261.75	(198.52)	16,420.24	12,617.50	(3,802.74)	15,141.00	(1,279.24)	
Insurance	613.15	613.17	0.02	6,131.50	6,131.67	0.17	7,358.00	1,226.50	
HAP Paid to Land Lords	212,289.00	220,868.25	8,579.25	2,185,190.75	2,208,682.50	23,491.75	2,650,419.00	465,228.25	<b>M</b>
HAP Dmgs/Unpd Rent	0.00	0.00	0.00	(208.00)	0.00	208.00	0.00	208.00	
HAP Escrow FSS	665.00	0.00	(665.00)	7,312.00	0.00	(7,312.00)	0.00	(7,312.00)	
Port Out HAP Expenses	2,494.00	0.00	(2,494.00)	8,729.00	0.00	(8,729.00)	0.00	(8,729.00)	
Port In HAP Expense	(1,990.23)	0.00	1,990.23	865.77	0.00	(865.77)	0.00	(865.77)	
HAP Admin Fees	146.01	0.00	(146.01)	3,087.60	0.00	(3,087.60)	0.00	(3,087.60)	
<b>TOTAL EXPENSES</b>	<b>250,085.73</b>	<b>249,940.76</b>	<b>(144.97)</b>	<b>2,507,768.24</b>	<b>2,499,407.51</b>	<b>(8,360.73)</b>	<b>2,999,289.00</b>	<b>491,520.76</b>	
<b>SURPLUS</b>	<b>5,455.82</b>	<b>(189.34)</b>	<b>(5,645.16)</b>	<b>57,578.80</b>	<b>(1,893.34)</b>	<b>(59,472.14)</b>	<b>(2,272.00)</b>	<b>(59,850.80)</b>	

**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: Local Programs      Project: Consolidated**

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget
<b>INCOME</b>								
Mgmt Fees	37,617.62	34,140.09	3,477.53	368,502.07	341,400.84	27,101.23	409,681.00	(41,178.93)
Misc	0.00	4.25	(4.25)	70.78	42.50	28.28	51.00	19.78
<b>TOTAL INCOME</b>	<b>37,617.62</b>	<b>34,144.34</b>	<b>3,473.28</b>	<b>368,572.85</b>	<b>341,443.34</b>	<b>27,129.51</b>	<b>409,732.00</b>	<b>(41,159.15)</b>
<b>EXPENSES</b>								
Operation/Office Expense	183.58	378.91	195.33	3,590.59	3,789.16	198.57	4,547.00	956.41
Admin Salaries/ Benefits	13,825.68	15,570.34	1,744.66	146,433.49	155,703.34	9,269.85	186,844.00	40,410.51
Mgmt/Book/Fee Acct Fees	18,753.32	14,662.99	(4,090.33)	157,725.87	146,629.99	(11,095.88)	175,956.00	18,230.13
Resident Services	328.50	0.00	(328.50)	13,810.33	0.00	(13,810.33)	0.00	(13,810.33)
Travel & Training	0.00	20.83	20.83	0.00	208.33	208.33	250.00	250.00
Insurance	328.00	328.00	0.00	3,280.00	3,280.00	0.00	3,936.00	656.00
<b>TOTAL EXPENSES</b>	<b>33,419.08</b>	<b>30,961.07</b>	<b>(2,458.01)</b>	<b>324,840.28</b>	<b>309,610.82</b>	<b>(15,229.46)</b>	<b>371,533.00</b>	<b>46,692.72</b>
<b>SURPLUS</b>	<b>4,198.54</b>	<b>3,183.27</b>	<b>1,015.27</b>	<b>43,732.57</b>	<b>31,832.52</b>	<b>11,900.05</b>	<b>38,199.00</b>	<b>5,533.57</b>

N

**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: COCC      Project: Consolidated**

	Period Amount	Period Budget	Period Variance	YTD Amount	YTD Budget	YTD Variance	Annual Budget	Remaining Budget	
<b>INCOME</b>									
Asset/Mgmt/Book Fees	73,380.25	90,113.33	(16,733.08)	955,930.84	901,133.33	54,797.51	1,081,360.00	(125,429.16)	
Fee for Service -Labor WO's	122,332.25	132,703.33	(10,371.08)	1,229,338.75	1,327,033.33	(97,694.58)	1,592,440.00	(363,101.25)	
Misc	1,000.00	0.00	1,000.00	14,347.95	0.00	14,347.95	0.00	14,347.95	
<b>TOTAL INCOME</b>	<b>196,712.50</b>	<b>222,816.66</b>	<b>(26,104.16)</b>	<b>2,199,617.54</b>	<b>2,228,166.66</b>	<b>(28,549.12)</b>	<b>2,673,800.00</b>	<b>(474,182.46)</b>	<b>O</b>
<b>EXPENSES</b>									
Operation/Office Expense	10,344.66	9,027.60	(1,317.06)	66,806.42	90,275.85	23,469.43	108,331.00	41,524.58	<b>P</b>
Admin/Maint Benefits	78,505.63	62,878.75	(15,626.88)	722,213.85	628,787.50	(93,426.35)	754,545.00	32,331.15	<b>Q</b>
Legal	0.00	208.33	208.33	0.00	2,083.33	2,083.33	2,500.00	2,500.00	<b>R</b>
Travel & Training	500.89	3,377.33	2,876.44	11,388.89	33,773.33	22,384.44	40,528.00	29,139.11	<b>S</b>
Work Orders -Maint	84,426.57	89,523.26	5,096.69	837,660.58	895,232.51	57,571.93	1,074,279.00	236,618.42	<b>T</b>
Utilities	1,676.72	5,075.01	3,398.29	29,712.27	50,750.01	21,037.74	60,900.00	31,187.73	<b>U</b>
Insurance	6,724.98	6,725.00	0.02	67,249.80	67,250.00	0.20	80,700.00	13,450.20	
Mortgage Principal/Interest	348.14	2,130.83	1,782.69	11,993.93	21,308.33	9,314.40	25,570.00	13,576.07	
<b>TOTAL EXPENSES</b>	<b>182,527.59</b>	<b>178,946.11</b>	<b>(3,581.48)</b>	<b>1,747,025.74</b>	<b>1,789,460.86</b>	<b>42,435.12</b>	<b>2,147,353.00</b>	<b>400,327.26</b>	
<b>SURPLUS</b>	<b>14,184.91</b>	<b>43,870.55</b>	<b>(29,685.64)</b>	<b>452,591.80</b>	<b>438,705.80</b>	<b>13,886.00</b>	<b>526,447.00</b>	<b>(73,855.20)</b>	

BANGOR HOUSING AUTHORITY

	Actual / Projected Units	HUD Funding 2021	HAP Actual/ Projected 2021	Monthly Under/(over) Funded	Cumulative Under/(over) Funded	PUC	HAP Equity Account
Jan-21	410	\$219,624.00	\$ 217,026.00	\$2,598.00	\$2,598.00	\$529.33	\$68,767.15
Feb-21	410	\$219,624.00	\$ 216,442.00	\$ 3,182.00	\$5,780.00	\$527.91	\$71,365.15
Mar-21	407	\$217,491.00	\$ 216,350.00	\$ 1,141.00	\$6,921.00	\$531.57	\$74,547.15
Apr-21	412	\$217,491.00	\$ 225,920.00	(\$8,429.00)	(\$1,508.00)	\$548.35	\$75,688.15
May-21	412	\$186,266.00	\$ 225,377.00	(\$39,111.00)	(\$40,619.00)	\$547.03	\$67,259.15
Jun-21	417	\$221,698.00	\$ 224,552.00	(\$2,854.00)	(\$43,473.00)	\$538.49	\$28,148.15
Jul-21	416	\$221,698.00	\$ 222,107.00	(\$409.00)	(\$43,882.00)	\$533.91	\$25,294.15
Aug-21	414	\$221,697.00	\$ 225,435.00	(\$3,738.00)	(\$47,620.00)	\$544.53	\$24,885.15
Sep-21	406	\$229,049.00	\$ 216,439.00	\$12,610.00	(\$35,010.00)	\$533.10	\$21,147.15
Oct-21	404	\$229,049.00	\$ 215,965.00	\$13,084.00	(\$21,926.00)	\$534.57	\$33,757.15
Nov-21	0	\$0.00	\$ -	\$0.00	(\$21,926.00)	#DIV/0!	\$46,841.15
Dec-21	0	\$0.00	\$ -	\$0.00	(\$21,926.00)	#DIV/0!	\$46,841.15
	4108	\$2,183,687.00	\$ 2,205,613.00	(\$21,926.00)			

\* Before interest income and Fraud Recovery

Baseline Units 4460

Over/Under Lease -352

Current PUC \$534.57

Utilization  
Dollars 101.00%  
Units 92.11%

HAP To Date \$ 2,205,613.00

Beginning NRA Balance \$44,661.00  
Cumulative Under(over) Funding (\$21,926.00)  
Half of Fraud/Interest  
End of Month NRA \$22,735.00

HUD Retained HAP \$ 60,662.00

Total HAP Reserves \$ 83,397.00

Hud Held Reserve 12/31/2020 \$ -  
2020 Funding \$ 2,650,764.00  
2020 HUD Disbursed (\$2,590,102.00)  
2020 Ending Hud Held Reserves \$ 60,662.00

2021 Funding \$2,183,687.00  
2021 HUD Disbursed \$ (2,205,613.00)  
2021 Ending Hud Held Reserves \$ (21,926.00)

Remianing 2021 Funding \$439,248.00  
Amount per month \$ 219,624.00

**Bangor Housing Authority**  
**Operating Statement**  
**Ten Months Ending 10/31/2021**  
**Program: Mod Rehab I      Project: Consolidated**

	<b>Period Amount</b>	<b>Period Budget</b>	<b>Period Variance</b>	<b>YTD Amount</b>	<b>YTD Budget</b>	<b>YTD Variance</b>	<b>Annual Budget</b>	<b>Remaining Budget</b>
<b>INCOME</b>								
Oper Sub - HAP	3,058.00	2,420.42	637.58	32,693.00	24,204.17	8,488.83	29,045.00	3,648.00
Oper Sub - Adm Fees	0.00	376.42	(376.42)	0.00	3,764.17	(3,764.17)	4,517.00	(4,517.00)
Interest Income	0.00	0.00	0.00	0.36	0.00	0.36	0.00	0.36
<b>TOTAL INCOME</b>	<b>3,058.00</b>	<b>2,796.84</b>	<b>261.16</b>	<b>32,693.36</b>	<b>27,968.34</b>	<b>4,725.02</b>	<b>33,562.00</b>	<b>(868.64)</b>
<b>EXPENSES</b>								
Operation/Office Expense	163.69	127.51	(36.18)	956.43	1,275.01	318.58	1,530.00	573.57
Admin Salaries/Benefits	37.03	63.50	26.47	321.60	635.00	313.40	762.00	440.40
Mgmt/Book Fees	97.50	103.59	6.09	1,095.96	1,035.84	(60.12)	1,243.00	147.04
Insurance	67.59	67.67	0.08	675.90	676.67	0.77	812.00	136.10
HAP Paid to Land Lords	2,848.00	2,420.42	(427.58)	26,346.00	24,204.17	(2,141.83)	29,045.00	2,699.00
<b>TOTAL EXPENSES</b>	<b>3,213.81</b>	<b>2,782.69</b>	<b>(431.12)</b>	<b>29,395.89</b>	<b>27,826.69</b>	<b>(1,569.20)</b>	<b>33,392.00</b>	<b>3,996.11</b>
<b>SURPLUS</b>	<b>(155.81)</b>	<b>14.15</b>	<b>(169.96)</b>	<b>3,297.47</b>	<b>141.65</b>	<b>3,155.82</b>	<b>170.00</b>	<b>3,127.47</b>

**HOUSING AUTHORITY OF THE CITY OF BANGOR**  
**FINANCIAL STATEMENTS**  
**AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2020**

# HOUSING AUTHORITY OF THE CITY OF BANGOR

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# HOUSING AUTHORITY OF THE CITY OF BANGOR

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## INDEPENDENT AUDITORS' REPORT

To The Board of Commissioners  
Housing Authority of the City of Bangor  
Bangor, Maine

### Report on the Financial Statements

We have audited the accompanying financial statements of the Housing Authority of the City of Bangor, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bangor's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Bangor, as of December 31, 2020, and the changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and the required supplementary information presented on pages 49 through 56, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Housing Authority of the City of Bangor's basic financial statements. The supplementary information on pages 57 through 65, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information presented on pages 57 through 65 and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information presented on pages 57 through 65 and the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have issued our report dated September 17, 2021 on our consideration of the Housing Authority of the City of Bangor's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the City of Bangor's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the City of Bangor's internal control over financial reporting and compliance.

*Marcum LLP*

Providence, Rhode Island  
September 17, 2021

# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**DECEMBER 31, 2020**

---

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Housing Authority of the City of Bangor (the Authority) is pleased to present its basic financial statements as of and for the year ended December 31, 2020, which have been prepared in accordance with U.S. generally accepted accounting principles (GAAP). GAAP requires the inclusion of three basic financial statements: the statement of net position; the statement of revenues, expenses, and changes in net position; and the statement of cash flows. In addition, GAAP requires the inclusion of this management's discussion and analysis (MD&A) section as required supplementary information.

The basic financial statements provide both long-term and short-term information about the Authority's overall financial condition. The basic financial statements also include notes that provide additional information.

As provided for under GAAP, the Authority uses the accrual basis of accounting to prepare its basic financial statements. Under this basis of accounting, revenues are recognized in the period in which they are earned and expenses, including depreciation and amortization, are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of the Authority are included in the statement of net position.

This section of the Authority's annual financial report presents our discussion and analysis of the Authority's financial performance during the year ended December 31, 2020, with comparative data for the year ended December 31, 2019. Please read this section in conjunction with the Authority's basic financial statements, which immediately follow this section.

### **HIGHLIGHTS**

- Assets and deferred outflows of resources of the Authority exceeded liabilities and deferred inflows of resources at December 31, 2020 by \$9,373,984 (net position), representing an increase of \$865,969 from the prior year.
- Total revenues increased by \$867,613 from the prior year, while total expenses decreased by \$609,105.
- The Authority's current ratio that measures liquidity increased during the year from 1.53 to 1.74.
- The Authority's total debt decreased from \$5,283,829 to \$5,067,821.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

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### OVERVIEW OF THE AUTHORITY'S OPERATIONS

The Authority was established to provide decent and safe rental housing for eligible low-income families, the elderly, and persons with disabilities. These services are provided through the administration of the following programs:

#### Federal Programs

- Section 8 Housing Choice Voucher Program
- Low Rent Public Housing Program
- Public Housing Capital Fund Program
- Family Self Sufficiency Program
- Resident Opportunity and Support Services
- Section 8 Moderate Rehabilitation

#### State/Local and Other Programs

- Central Office Cost Center
- Property Management

For additional information on the Authority's programs, see the notes to financial statements.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

### FINANCIAL ANALYSIS

#### Summary of Net Position

Presented below is the Authority's condensed summary of net position at December 31, 2020 compared to December 31, 2019. The statement of net position presents the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position of the Authority at the end of the fiscal year. The purpose of the statement of net position is to give the financial statement readers a snapshot of the fiscal condition of the Authority as of a certain point in time. It presents end of year data for assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (assets and deferred outflows of resources, minus liabilities and deferred inflows of resources).

#### SUMMARY OF NET POSITION

December 31, 2020 and 2019

	2020	2019	Change	% Change
Current Assets	\$ 2,596,817	\$ 2,083,889	\$ 512,928	24.61%
Capital Assets	14,898,209	14,547,893	350,316	2.41%
Other Noncurrent Assets	<u>197,355</u>	<u>160,685</u>	<u>36,670</u>	22.82%
Total Assets	<u>17,692,381</u>	<u>16,792,467</u>	<u>899,914</u>	5.36%
Deferred Outflows of Resources	<u>841,540</u>	<u>573,372</u>	<u>268,168</u>	46.77%
Current Liabilities	1,494,509	1,359,683	134,826	9.92%
Noncurrent Liabilities	<u>7,455,479</u>	<u>7,083,939</u>	<u>371,540</u>	5.24%
Total Liabilities	<u>8,949,988</u>	<u>8,443,622</u>	<u>506,366</u>	6.00%
Deferred Inflows of Resources	<u>209,949</u>	<u>414,202</u>	<u>(204,253)</u>	-49.31%
Net investment in capital assets	9,830,388	9,264,064	566,324	6.11%
Restricted	44,661	--	44,661	-
Unrestricted (deficit)	<u>(501,065)</u>	<u>(756,049)</u>	<u>254,984</u>	-33.73%
Total Net Position	<u>\$ 9,373,984</u>	<u>\$ 8,508,015</u>	<u>\$ 865,969</u>	10.18%

Total assets of the Authority at December 31, 2020 and 2019 were \$17,692,381 and \$16,792,467, respectively, a change of 5.36%. The significant components of current assets are cash and receivables. The significant components of noncurrent assets are capital assets. Capital assets include land, buildings and building improvements, construction in progress, and equipment. All capital assets except for land and construction in progress are shown net of accumulated depreciation.

# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**DECEMBER 31, 2020**

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Total liabilities of the Authority at December 31, 2020 and 2019 were \$8,949,988 and \$8,443,622, respectively, a change of 6.00%. Current liabilities include accounts payable, accrued liabilities and unearned revenue. Noncurrent liabilities are primarily made up of the long-term portion of debt and the pension and OPEB liabilities.

In 2019, the Authority's pension and OPEB related deferred outflows increased by \$20,815 and deferred inflows decreased by \$204,253. These changes are the result of fluctuations in the actuarial valuations of the liabilities and the change in the value of pension assets. During 2020, the fair value of the interest rate swap changed from negative \$174,619 (in favor of the counterparty) to negative \$421,972 (in favor of the counterparty); this change has been recorded as a deferred outflow of resources.

Net position represents the Authority's equity, which is accounted for in three major categories. The first category, net investment in capital assets, represents the Authority's equity in land, buildings and building improvements, construction in progress, and equipment, net of related capital debt outstanding. The next net position category is restricted net position; this shows the amounts subject to external restriction. The last category is unrestricted net position; these funds are available to use for any lawful and prudent purpose of the Authority. Unrestricted net position increased by \$254,984, or 33.73%, for the fiscal year.



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

### Summary of Revenues, Expenses and Changes in Net Position

Presented below is the condensed summary of revenues, expenses and changes in net position information for fiscal year ended December 31, 2020 compared to the year ended December 31, 2019. The information reflects the results of operations for the Authority and displays the sources of revenue, the nature of expenses for the year and the resulting change in net position. All revenues and expenses are accounted for on an accrual basis. See notes to financial statements.

	2020	2019	Change	% Change
Revenue				
Operating Revenues	\$ 10,363,543	\$ 10,245,800	\$ 117,743	1.15%
Non-operating Revenues	<u>1,675,141</u>	<u>925,271</u>	<u>749,870</u>	81.04%
Total Revenues	<u>12,038,684</u>	<u>11,171,071</u>	<u>867,613</u>	7.77%
Expenses				
Housing assistance payments	2,609,310	2,487,689	121,621	4.89%
Repair and maintenance	1,923,911	2,134,650	(210,739)	-9.87%
Administration	1,922,055	2,312,186	(390,131)	-16.87%
Depreciation expense	1,449,621	1,447,597	2,024	0.14%
Utilities	1,315,191	1,450,675	(135,484)	-9.34%
Tenant services	725,732	707,358	18,374	2.60%
Other general expenses	675,864	700,270	(24,406)	-3.49%
Insurance expense	325,105	316,943	8,162	2.58%
Protective services	58,525	59,566	(1,041)	-1.75%
Interest expense	<u>167,401</u>	<u>164,886</u>	<u>2,515</u>	1.53%
Total Expenses	<u>11,172,715</u>	<u>11,781,820</u>	<u>(609,105)</u>	-5.17%
Change in Net Position	<u>865,969</u>	<u>(610,749)</u>	<u>1,476,718</u>	-241.79%
Net Position - Beginning of Year	<u>8,508,015</u>	<u>9,118,764</u>	<u>(610,749)</u>	-6.70%
Net Position - End of Year	<u>\$ 9,373,984</u>	<u>\$ 8,508,015</u>	<u>\$ 865,969</u>	10.18%

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

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Generally, operating revenues are amounts received for providing housing to the Authority's tenants as well as subsidies and grants received from the U.S. Department of Housing and Urban Development (HUD) that provide significant funding for the operations of the Authority's housing programs. Operating expenses are those incurred to operate, maintain, and repair the housing units and to provide supportive services to the tenants of the Authority. Nonoperating revenues are revenues earned for which goods and services are not provided, for example, interest income. Capital grants represent revenues earned for public housing capital repairs.

Significant changes in revenues and expenses from the fiscal year ended December 31, 2019 to December 31, 2020 include the following:

- Operating revenues increased by \$117,743, or 1.15%. This was due to an increase in public housing operating subsidy, Housing Choice Voucher HAP subsidy and funding through the CARES Act. The HAP subsidy increased as a direct result from an increase in housing assistance payments. The Authority's property management revenues were consistent with the prior year. These increases were partially offset by a decrease in tenant rental income due to decreases in tenant's income resulting from the COVID-19 pandemic and a decrease in other grant revenue with the Boys and Girls Club of Bangor separating from the Authority.
- Nonoperating revenues increased by \$749,870, or 81.04%, due to an increase in capital grants from HUD for the modernization of the Authority's public housing developments.
- Housing assistance payments increased by \$121,621, or 4.89%, due to increasing rents in the City of Bangor combined with a decrease in Housing Choice Voucher program participant's incomes due to COVID-19.
- Repair and maintenance expenses decreased by \$210,739, or 9.87%, due to the Authority handling grounds services in-house; previously this was contracted out. There was a decrease in maintenance benefits. The amount of pension and OPEB expense recognized can fluctuate from year to year based on the actuarial valuations.
- Administrative expenses decreased by \$390,131, or 16.87%, due to the retirement of several administrative employees and the positions not being filled. This also caused a decrease in employee benefit expense. Travel expense also decreased due to the limitation on in-person conferences due to COVID-19.
- Utilities decreased by \$135,484, or 9.34%, due to a decrease in gas expense due to a milder than usual winter compared to prior years.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## MANAGEMENT'S DISCUSSION & ANALYSIS

DECEMBER 31, 2020

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

At December 31, 2020, capital assets, net of accumulated depreciation was \$14,898,209 which includes land, buildings and building improvements, construction in progress, and equipment. The schedule below reflects the changes in capital assets, net of depreciation, from December 31, 2019 to December 31, 2020:

#### CAPITAL ASSET ANALYSIS December 31, 2020 and 2019

	2020	2019	Change	% Change
Land	\$ 479,541	\$ 479,541	\$ --	0.00%
Buildings	34,337,802	34,147,314	190,488	0.56%
Furniture and equipment	2,515,891	2,477,874	38,017	1.53%
Land improvements	5,016,112	5,016,112	--	0.00%
Construction in progress	<u>1,478,537</u>	<u>--</u>	<u>1,478,537</u>	-
Total capital assets	<u>43,827,883</u>	<u>42,120,841</u>	<u>1,707,042</u>	4.05%
Accumulated depreciation	<u>(28,929,674)</u>	<u>(27,572,948)</u>	<u>(1,356,726)</u>	4.92%
Capital assets, net of accumulated depreciation	<u>\$ 14,898,209</u>	<u>\$ 14,547,893</u>	<u>\$ 350,316</u>	2.41%

The majority of the additions were attributable to construction in progress. Additional information on the Authority's capital assets can be found in the notes to financial statements.

#### Long-Term Debt

At December 31, 2020, the Authority had total long-term debt of \$5,067,821, a decrease of \$216,008 compared to the prior year. Additional information on the Authority's long-term debt can be found in the notes to financial statements.

# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

**DECEMBER 31, 2020**

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### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Significant economic factors affecting the Authority's budget in the next year are as follows:

- The Authority is primarily dependent upon HUD for the funding of its federal programs; therefore, the Authority is affected more by the federal budget than by local economic conditions.
- COVID-19 pandemic has caused business disruption through mandated and voluntary closing of business across the country.
- Health insurance market has a large impact on current and future benefit costs.
- Local labor supply and demand has been impacted by COVID-19, which can affect salary and wage rates
- Local inflationary, recessionary and employment trends, which can affect resident incomes and, therefore, the amount of rental income
- Inflationary pressure on utility rates, housing costs, supplies and other costs
- Current trends in the housing market
- Local and national property rental markets that determine Housing Assistance Payments

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Authority's finances for all those interested. Questions concerning any of the information presented in this report or requests for additional information should be addressed to Michael Myatt, Executive Director, Housing Authority of the City of Bangor, 161 Davis Road, Bangor, ME 04401.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF NET POSITION

DECEMBER 31, 2020

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### ASSETS

#### Current Assets

Cash and cash equivalents	\$ 1,255,059
Restricted cash	434,193
Accounts receivable, net	714,849
Prepaid expenses and other current assets	192,716

<b>Total Current Assets</b>	<u>2,596,817</u>
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#### Noncurrent Assets

Restricted cash	197,355
Capital assets, non-depreciable	1,958,078
Capital assets, net of accumulated depreciation	12,940,131

<b>Total Noncurrent Assets</b>	<u>15,095,564</u>
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<b>TOTAL ASSETS</b>	<u>17,692,381</u>
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<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>841,540</u>
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*The accompanying notes are an integral part of these financial statements.*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF NET POSITION (CONTINUED)

DECEMBER 31, 2020

### LIABILITIES

#### Current Liabilities

Accounts payable	\$ 371,962
Accounts payable, other government	142,958
Current portion of long term debt	305,993
Accrued wages and current portion of compensated absences	124,119
Accrued interest	9,784
Other current liabilities	23,583
Other accrued expenses	103,036
Unearned revenue	208,911
Tenant security deposits	204,163
<b>Total Current Liabilities</b>	<u>1,494,509</u>

#### Noncurrent Liabilities

Long term debt, net of current portion	4,761,828
Accrued compensated absences, net of current portion	69,546
Fair value of the interest rate swap	421,972
Family Self-sufficiency escrow	197,355
Net pension liability	1,641,882
OPEB liability	362,896
<b>Total Noncurrent Liabilities</b>	<u>7,455,479</u>

**TOTAL LIABILITIES** 8,949,988

**DEFERRED INFLOWS OF RESOURCES** 209,949

### NET POSITION

Net investment in capital assets	9,830,388
Restricted:	
Housing assistance payments	44,661
Unrestricted (deficit)	<u>(501,065)</u>

**TOTAL NET POSITION** \$ 9,373,984

*The accompanying notes are an integral part of these financial statements.*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2020

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### OPERATING REVENUES

HUD grants	\$ 6,692,645
Tenant rental income	2,706,737
Other revenue	447,242
Management and maintenance fees	382,755
Other grants	134,164

<b>Total Operating Revenues</b>	<u>10,363,543</u>
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### OPERATING EXPENSES

Housing assistance payments	2,609,310
Repair and maintenance	1,923,911
Administration	1,922,055
Depreciation expense	1,449,621
Utilities	1,315,191
Tenant services	725,732
Other general expenses	675,864
Insurance expense	325,105
Protective services	58,525

<b>Total Operating Expenses</b>	<u>11,005,314</u>
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<b>Operating Loss</b>	<u>(641,771)</u>
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### NONOPERATING REVENUES (EXPENSES)

Interest and investment revenue	6,117
Interest expense	(167,401)

<b>Total Nonoperating Revenues (Expenses)</b>	<u>(161,284)</u>
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<b>Loss before Capital Grants</b>	<u>(803,055)</u>
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### CAPITAL GRANTS

HUD capital grants	1,669,024
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<b>Total Capital Grants</b>	<u>1,669,024</u>
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<b>Change in Net Position</b>	865,969
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<b>Net Position, Beginning of Year</b>	<u>8,508,015</u>
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<b>Net Position, End of Year</b>	<u>\$ 9,373,984</u>
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*The accompanying notes are an integral part of these financial statements.*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

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### CASH FLOWS FROM OPERATING ACTIVITIES

HUD grants	\$ 6,893,143
Receipts from tenants	2,608,860
Other operating receipts	688,921
Payments to employees	(3,411,181)
Payments to suppliers	(3,489,815)
Payments to landlords	(2,609,310)
Net cash provided by operating activities	<u>680,618</u>

### CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

HUD capital grants	1,405,525
Interest expense	(168,069)
Payments on long term debt	(336,415)
Acquisitions of capital assets	(1,349,823)
Net cash used in capital and related financing activities	<u>(448,782)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES

Interest and dividends received	<u>6,117</u>
Net cash provided by investing activities	<u>6,117</u>

Net increase in cash, cash equivalents and restricted cash 237,953

Cash, cash equivalents and restricted cash, beginning of year 1,648,654

Cash, cash equivalents and restricted cash, end of year \$ 1,886,607

*The accompanying notes are an integral part of these financial statements.*



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2020

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**Reconciliation of operating loss to net cash provided by operating activities:**

Operating Loss	\$ (641,771)
Adjustments:	
Depreciation	1,449,621
Non-cash gain on disposal of capital assets	(52,223)
Change in assets and liabilities:	
(Increase) decrease in accounts receivable, tenants	(14,308)
(Increase) decrease in accounts receivable, other	(82,439)
(Increase) decrease in accounts receivable, HUD	26,569
(Increase) decrease in prepaid expenses and other current assets	22,032
(Decrease) increase in accounts payable	(57,376)
(Decrease) increase in accounts payable, HUD	(5,991)
(Decrease) increase in accounts payable, other government	(9,231)
(Decrease) increase in compensated absences and accrued wages	28,424
deferred inflow/outflows of resources	59,020
(Decrease) increase in accrued expenses and other current liabilities	(87,126)
(Decrease) increase in tenant security deposits	(2,945)
(Decrease) increase in unearned operating revenue	48,362
Net cash provided by operating activities	<u>\$ 680,618</u>

**Cash, cash equivalents and restricted cash per Statement of Net Position:**

Cash and cash equivalents	\$ 1,255,059
Restricted cash - current	434,193
Restricted cash - noncurrent	<u>197,355</u>

**Total cash, cash equivalents and restricted cash per Statement of Net Position** \$ 1,886,607

**Supplemental Disclosure of Cash Flow Information:**

Capital asset addition funded by capital debt	<u>\$ 120,407</u>
Increase in accounts payable for the acquisition of capital assets	<u>\$ 277,484</u>

*The accompanying notes are an integral part of these financial statements.*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

---

### NOTE 1 – ORGANIZATION

The Housing Authority of the City of Bangor (the Authority) was incorporated under the laws of the State of Maine. The Authority operates under a board of commissioner form of government to provide safe and decent housing to low and moderate-income families and elderly individuals.

The Authority maintains its accounting records by program and operates the following programs:

#### Federal Programs

Low Rent Public Housing – (Asset Management Projects (AMPS)) – This program accounts for all activities relating to the leasing and operation of apartments in buildings that were constructed and are owned by the Authority. These units are rented to low income families and low-income elderly, disabled, and special needs individuals. The properties were constructed with grants and or loans provided by the U.S. Department of Housing and Urban Development (HUD). The Authority receives grants from HUD to subsidize operating deficits. Tenants are charged rents based on a percentage of their income.

Public Housing Capital Fund – HUD provides grant funds to authorities with Low Rent Public Housing units on a formula basis. The funds are predominantly used to make physical improvements to buildings and dwelling units owned by the Authority under the Low Rent Public Housing Program. A portion of these funds may also be used to support operations and to make improvements in the management and operation of the Authority.

Section 8 Housing Choice Voucher – HUD provides grants to the Authority to subsidize rents paid by low income families and individuals who rent dwelling units from private landlords. Under this program, qualified applicants are issued vouchers which may be used by the applicant to obtain housing in the private rental market. The Authority will subsidize the landlord for the difference between the rent requested and the tenant's share of the rent not to exceed a predetermined payment standard.

Family Self Sufficiency Program (FSS) and Resident Opportunity Support Services (ROSS) - FSS helps eligible individuals acquire the skills and experience needed to obtain work that pays a living wage, and also offers them an opportunity to save towards homeownership. The Authority works with welfare agencies, schools, businesses, and other local partners to help FSS participants access services including but not limited to; child care, transportation, education and training, and home-ownership counseling. ROSS links public housing residents with supportive services, resident empowerment activities, and assistance in becoming economically self-sufficient. Grants are received from HUD pursuant to a detailed application submitted by the Authority.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

---

### NOTE 1 – ORGANIZATION (CONTINUED)

Section 8 Moderate Rehabilitation – The moderate rehabilitation program provides project-based rental assistance for low income families. Assistance is limited to properties previously rehabilitated pursuant to a housing assistance payments (HAP) contract between an owner and the Authority. Under the contract, the owner receives a subsidy equal to the difference between an approved contract rent and the tenant's share of the rent determined under HUD Section 8 regulations.

#### State/Local and Other Programs

Central Office Cost Center (COCC) – This program tracks common overhead expenses incurred by the Authority. To offset these common expenses, the COCC receives monthly a property management, bookkeeping and asset management fee from the AMPs. Additionally, the COCC receives from the Section 8 Housing Choice Voucher Program a monthly property management and bookkeeping fee.

Property Management – This program represents the activities of the Authority's programs using non-HUD resources. Such activities include providing management and maintenance services to several housing projects.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***FINANCIAL REPORTING ENTITY***

The Authority's financial statements include the accounts of all of the Authority's operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Authority holds the corporate powers of the organization
- the Authority appoints a voting majority of the organization's board
- the Authority is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Authority
- there is fiscal dependency by the organization on the Authority

Based on the aforementioned criteria, the Authority has no component units.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

---

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Although not considered a component unit, the Authority is closely affiliated with the Bangor Housing Development Corporation (the Corporation). The Corporation is a tax-exempt entity that was formed to advocate housing for lower income individuals and families. The Corporation owns three low-income housing projects and two affordable market rate developments. The Authority appoints a minority to the Corporation's Board; however, the Corporation is not fiscally dependent on the Authority.

The Boys and Girls Club of Bangor is a tax-exempt organization created to provide service to local youth such as after-school, summer and teen programs. The Authority can appoint one member to the organization's board of directors. The organization is not fiscally dependent on the Authority and is not considered a component unit.

#### ***BASIS OF PRESENTATION AND ACCOUNTING***

The Authority is a special-purpose government entity engaged only in business-type activities and, as such, the financial statements are presented as a single enterprise fund utilizing the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned and expenses when the related liability for goods and services is incurred, regardless of the timing of the related cash flows.

The Authority's financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB). The Authority follows GASB as applied to governmental entities.

The Authority's primary source of nonexchange revenue relates to grants and subsidies. Grants and subsidies revenue is recognized at the time eligible program expenses occur and/or the Authority has complied with the grant and subsidy requirements, in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. Grants received in advance of expenses are recorded as a liability until earned.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *NEW ACCOUNTING STANDARDS ADOPTED*

During 2020, the Authority adopted GASB statements No. 84 *Fiduciary Activities*, No. 88 *Certain Disclosures related to debt, including direct borrowings and direct placements*, and No. 90 *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*. These new accounting standards did not impact the Authority's financial statements.

#### *USE OF ESTIMATES*

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the use of estimates that affect reported amounts of assets, liabilities, revenues and expenses and related disclosures. Actual amounts could differ from those estimates.

#### *CASH AND CASH EQUIVALENTS*

The Authority considers cash equivalents to be all highly liquid investments with a maturity of three months or less when purchased

#### *ACCOUNTS RECEIVABLE*

Accounts receivable from tenants are carried at the original amount billed less an estimate made for doubtful accounts based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by using historical experience applied to an aging of accounts receivable. Accounts receivable from tenants are written off with board approval when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. Allowances for other non-tenant receivables are reviewed annually. See Note 6 for details of accounts receivable and allowances at year end.

#### *INVENTORIES*

Inventories (consisting of materials and supplies) are valued at average cost. If inventory falls below cost due to damage, deterioration or obsolescence, the Authority establishes an allowance for obsolete inventory. In accordance with the consumption method, inventory is expensed when items are consumed.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *CAPITAL ASSETS*

Capital assets include property, furniture, equipment and machinery with initial, individual costs that equal or exceed \$500 and estimated useful lives of more than one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the time of acquisition. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Land and Building Improvements	5-30 years
Furniture, Equipment and Machinery	5-10 years

#### *IMPAIRMENT OF CAPITAL ASSETS*

Governmental Accounting Standards Board's, Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries* requires certain note disclosures regarding impairments of capital assets. The Authority did not recognize any impairments of capital assets in fiscal year 2020.

#### *COMPENSATED ABSENCES*

Earned time is a program of accrued paid time off which consolidated vacation and sick time. Earned time is accrued each pay period based on the number of hours regular scheduled to work each week and the number of years at the Authority. Employees can earn between twenty to thirty-five days per year. Employees are allowed to carry over up to twice their annual accrual of earned time. Upon termination, an employee is paid accrued time in a lump sum at his/her current rate of pay. Total accrued compensated absences at December 31, 2020 aggregated \$158,139.

#### *OPERATING REVENUES AND EXPENSES*

Operating revenue includes operating grants and subsidies, rental income, management services provided and all other revenue relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities. Operating expenses include wages, housing assistance payments, utilities, maintenance, depreciation of capital assets, administrative expenses and all other expenses relating to the provision of safe, decent and affordable housing services that do not result from transactions defined as capital and related financing, non-capital and related financing or investing activities.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

---

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### ***NON-OPERATING REVENUES AND EXPENSE***

The Authority's nonoperating revenues relate primarily to capital grants provided by HUD and interest income. For reporting purposes, capital grant revenue is recognized when expenditures are incurred, and advance receipts are initially recorded as unearned revenue. Nonoperating expenses are expenditures derived from transactions other than those associated with the Authority's primary housing operations and are reported as incurred.

#### ***ECONOMIC DEPENDENCY***

The Authority's state and federal programs are economically dependent on grants and annual contributions from HUD, respectively. These programs operate at a loss prior to receiving these grants and contributions.

#### ***PENSIONS***

For purposes of measuring the net pension liability, deferred outflows or resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the retirement system and additions/deductions from the system's fiduciary net position have been determined on the same basis as they are reported by the retirement system.

#### ***OTHER POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)***

For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined by an actuarial valuation conducted by the Authority and are accounted for in accordance with the requirements of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (OPEB)*.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES*

Deferred outflows of resources are the consumption of net position by the Authority that is applicable to a future reporting period. Deferred inflows of resources are the acquisition of net position by the Authority that is applicable to a future reporting period. These consist of the deferral of the recognition of revenues and expenses until the future period to which the outflows and inflows are related. The Authority's deferred outflows and inflows of resources are either related to pension (See Note 12), related to OPEB (See Notes 13 and 14), or related to the changes in the fair value of an interest rate swap (See Note 9). The following is a summary of deferred outflows and inflows of resources at December 31, 2020:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Related to Pensions	\$ 342,261	\$ 74,676
Related to OPEB	77,307	135,273
Deferred Swap Outflow	<u>421,972</u>	<u>--</u>
Total	<u>\$ 841,540</u>	<u>\$ 209,949</u>

#### *APPLICATION OF RESOURCES*

The Authority would first apply restricted resources when an expense is incurred for which both restricted and unrestricted resources are available.

#### *FAIR VALUE CLASSIFICATION*

The Authority categorizes its fair value measurements within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset or liability. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and Level 3 inputs are significant unobservable inputs. The Authority's interest rate swap is reported at fair value. (Level 2)

#### *SUBSEQUENT EVENTS*

Management has evaluated subsequent events through September 17, 2021, which is the date these financial statements were available to be issued. There were no subsequent events requiring recognition or disclosure into these financial statements.



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 3 – NET POSITION

Net position is reported in three categories:

Net Investment in Capital Assets consists of all capital assets, reduced by accumulated depreciation, the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets. The Authority had no debt related to its capital assets at December 31, 2020. At December 31, 2020, the net investment in capital assets was \$9,830,388.

Restricted Net Position consists of restricted assets, when constraints are placed on the assets by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc. At December 31, 2020, restrictions of \$44,661 represent the net position restricted by HUD related to the Housing Choice Voucher Program to be used for future HAP payments.

Unrestricted Net Position consists of net position that does not meet the definition of “net investment in capital assets” or “restricted net position”. At December 31, 2020 unrestricted net position was a deficit of \$501,065.

### NOTE 4 – CASH AND CASH EQUIVALENTS

The Authority has adopted HUD’s Investment Regulation PIH 1996-33 as its investment policy. HUD regulations require that all HUD deposits in financial institutions and investments be fully insured or collateralized, by U.S. Government obligations that have a fair value of not less than the principal amount of the deposits. The policy also requires that investments not have a maturity period longer than three years.

#### Custodial Credit Risk – Cash Deposits

At times, the Authority’s balances may exceed the Federal insurance limits; however, the Authority has not experienced any losses with respect to its bank balance in excess of government provided insurance. In addition, balances are fully collateralized through agreements with the financial institutions. Management believes that no significant risk exists with respect to cash balances as of December 31, 2020.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 5 – RESTRICTED CASH

The Authority's current restricted cash balance consists of funds held in escrow for tenant security deposits, proceeds from the CARES Act restricted for COVID related expenses, and the amount held in escrow for participants in the family self-sufficiency (FSS) program of \$23,583. The Authority's non-current cash balance of \$197,355 consists of funds held in escrow for participants in the FSS program. These amounts support either a corresponding liability or restricted net position. At December 31, 2020, restricted cash was categorized as follows:

Category of Restriction	Amount
Housing assistance payments	\$ 44,661
Cares Act	161,786
FSS escrow	220,938
Tenant security deposits	<u>204,163</u>
Total	<u>\$ 631,548</u>

### NOTE 6 – ACCOUNTS RECEIVABLE

The following is a listing of receivables for the Authority including the applicable allowances for uncollectible accounts at December 31, 2020. Due from affiliates consists of funds advanced to the Bangor Housing Development Corporation; management believes that the entire amount is collectible.

Category of Receivable	Amount
HUD	\$ 283,095
Miscellaneous	400,597
Tenants	<u>95,473</u>
Gross Receivables	779,165
Allowance - Tenants	<u>(64,316)</u>
Net Receivables	<u>\$ 714,849</u>

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 7 – CAPITAL ASSETS

The following is a summary of changes in capital assets and related accumulated depreciation.

	January 1, 2020	Increases	Decreases	December 31, 2020
Capital assets - non-depreciable				
Land	\$ 479,541	\$ --	\$ --	\$ 479,541
Construction in progress	--	1,478,537	--	1,478,537
Total capital assets - non-depreciable	<u>479,541</u>	<u>1,478,537</u>	<u>--</u>	<u>1,958,078</u>
Capital assets - depreciable				
Buildings	34,147,314	190,488	--	34,337,802
Land Improvements	5,016,112	--	--	5,016,112
Furniture & equipment	2,477,874	222,589	(184,572)	2,515,891
Total capital assets - depreciable	<u>41,641,300</u>	<u>413,077</u>	<u>(184,572)</u>	<u>41,869,805</u>
Less accumulated depreciation				
Buildings	25,059,365	923,366	--	25,982,731
Land Improvements	1,456,206	285,378	--	1,741,584
Furniture & equipment	1,057,377	240,877	(92,895)	1,205,359
Total accumulated depreciation	<u>27,572,948</u>	<u>1,449,621</u>	<u>(92,895)</u>	<u>28,929,674</u>
Capital Assets Net	<u>\$ 14,547,893</u>	<u>\$ 441,993</u>	<u>\$ (91,677)</u>	<u>\$ 14,898,209</u>
Depreciation expense was charged to:				
Federal Public Housing		<u>\$ 1,327,306</u>		
COCC		<u>\$ 122,315</u>		

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 8 – NONCURRENT LIABILITIES

Noncurrent liability activity for the year ended December 31, 2020 is as follows:

	January 1, 2020	Additions	Reductions	December 31, 2020	Amount due within one year
Compensated Absences	\$ 103,571	\$ 261,511	\$ (206,943)	\$ 158,139	\$ 88,593
FSS Escrow	182,264	138,824	(100,150)	220,938	23,583
Fair Value of Interest Rate Swap	174,619	247,353	--	421,972	--
Net Pension Liability	1,334,337	574,469	(266,924)	1,641,882	--
OPEB Liability	386,351	91,548	(115,003)	362,896	--
Total	<u>\$ 2,181,142</u>	<u>\$ 1,313,705</u>	<u>\$ (689,020)</u>	<u>\$ 2,805,827</u>	<u>\$ 112,176</u>

### NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENT – INTEREST RATE SWAP

The deferred swap inflow is recognized in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The Authority recognizes the fair value of the swap agreement as either an asset or liability on its statement of net position with the offsetting gain or loss as either a deferred inflow or outflow of resources, if deemed an effective hedge. The Authority has applied the synthetic instrument method to determine its swap agreement constitutes an effective cash flow hedge.

**Objective and terms** - On May 8, 2015, the Authority entered into a mortgage with Bangor Savings Bank in connection with an energy performance contract. The Authority entered into an interest rate swap agreement to reduce volatility related to variable interest debt. The agreement fixed the interest rate paid by the Authority until December 8, 2032 at 3.0%.

**Fair Value** - As of December 31, 2020, the interest rate swap had a fair value of negative \$421,972 and has been recorded as an increase in the interest rate swap liability and the related deferred swap outflow. The fair value was estimated using a proprietary valuation model developed by a counterparty.

**Interest rate risk** - The interest rate swap decreases the Authority's exposure to interest rate risk.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

### NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENT – INTEREST RATE SWAP (CONTINUED)

**Termination risk** - The interest rate swaps were issued pursuant to the International Swap Dealers Association Master Agreements, which include standard termination events, such as failure to pay and bankruptcy. The Authority or the counterparty may terminate an interest rate swap if the other party fails to perform under the terms of the contract. In addition, if at the time of termination the interest rate swap has a negative fair value, the Authority would be liable to the Counterparty for a payment equal to the swap's fair value. As of December 31, 2020, the interest rate swaps had a total fair value of negative \$421,972.

**Swap payments and associated debt** - Floating rate debt and related interest rate swap payments are effective May 8, 2015. Debt associated with the interest rate swap and the notional amount of the swap at December 31, 2020, totaled \$4,701,301.

### NOTE 10 – LONG TERM DEBT

Long term debt activity for the year ended December 31, 2020 is as follows:

	January 01, 2020	Additions	Reductions	December 31, 2020	Amount Due within one year
Notes Payable	\$ 5,187,974	\$ 107,268	\$ (322,088)	\$ 4,973,154	\$ 305,993
Line of Credit	<u>95,855</u>	<u>13,139</u>	<u>(14,327)</u>	<u>94,667</u>	<u>--</u>
Total	<u>\$ 5,283,829</u>	<u>\$ 120,407</u>	<u>\$ (336,415)</u>	<u>\$ 5,067,821</u>	<u>\$ 305,993</u>

On May 8, 2015, the Authority borrowed \$5,130,449 from Bangor Savings Bank to finance energy performance measures at the Authority's federal public housing developments. This note bears interest at 73% of the thirty-day LIBOR rate, plus 1.26% (1.3707% at December 31, 2020). In connection with this note payable, the Authority entered into an interest rate swap agreement (see Note 9) to fix the rate of interest at 3% per annum. Monthly payments of \$13,700 started on January 8, 2017 and will escalate each year until the final installment is due in December 8, 2032. The total principal balance outstanding at December 31, 2020 was \$4,701,301 and accrued interest was \$9,011. The Authority incurred interest expense of \$145,697 during 2020.

The Authority has also entered into notes payable to finance the acquisition their vehicles. At December 31, 2020, there are twenty vehicles acquired under this method, three of which were acquired using this method in 2020. The terms of these notes payable range from 36 months to 60 months with maturity dates ranging from 2021 to 2024. The interest rates on these loans range from 0.00% to 6.99%. The total principal balance outstanding at December 31, 2020 was \$271,853. The Authority incurred interest expense of \$17,673 during 2020. At December 31, 2020, accrued interest was \$773.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 10 – LONG TERM DEBT (CONTINUED)

During 2018, the Authority entered into a line of credit agreement with Bangor Savings Bank in the maximum amount of \$250,000. The interest rate on the line of credit varies based on the month of when funds were advanced (ranging from 4.00% to 4.69%). In 2018, the Authority used the line of credit to finance the purchase of a vehicle. In 2020, the Authority used the line of credit to purchase mowing equipment. The Authority is required to make monthly payments of principal and interest until maturity on January 30, 2022. At December 31, 2020, the outstanding principal balance on the line of credit was \$94,667. The Authority incurred interest expense of \$4,031 during 2020.

The debt will be amortized as follows:

Year	Principal Payments	Interest Payments	Total
2021	\$ 305,993	\$ 152,968	\$ 458,961
2022	421,217	138,359	559,576
2023	267,693	126,945	394,638
2024	297,901	117,767	415,668
2025	323,098	108,248	431,346
2026-2030	2,210,282	366,718	2,577,000
2031-2035	<u>1,241,637</u>	<u>38,307</u>	<u>1,279,944</u>
Total	<u>\$ 5,067,821</u>	<u>\$ 1,049,312</u>	<u>\$ 6,117,133</u>

### NOTE 11 – REAL ESTATE TAXES

Property owned by the Authority is exempt from local real estate taxes. The Authority makes a payment in lieu of taxes equal to 10% of rental income charged less utility expenses annually for all of its properties constructed with and funded by HUD. The payment in lieu of taxes for the year ended December 31, 2020 aggregated \$138,127.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN

#### *PLAN DESCRIPTION*

The Authority provides pension benefits to certain employees through the Maine Public Employees Retirement System (MPERS) Participating Local District (PLD) Consolidated plan, a cost-sharing, multiple-employer public employee retirement system. The plan is a defined benefit plan. Participation is mandatory for all full time employees of the Authority. The retirement plan is a pooled risk type of plan. Under this type of plan, funding is determined based on all employees covered for all employing units. The funding liabilities are shared by each employing unit pro-rata based on the number of employees in the employing unit. Since the Authority's share of pension liability is not based on their employees, pension expense is determined by the total required payment to be made to the retirement plan for the year. MPERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained by writing to MPERS, P.O. Box 349, Augusta, Maine 04332, or by calling (207) 512-3100.

#### *PLAN MEMBERSHIP*

The Authority has 63 employees participating in the plan.

#### *SIGNIFICANT PLAN PROVISIONS AND REQUIREMENTS*

Benefit terms are established in Maine Statute. The system's retirement programs provide defined retirement benefits based on members' average final compensation and service credit earned as of retirement. Vesting occurs upon the earning of five years of service credit. Normal retirement age is 60 or 65. The monthly benefit of members who retire before normal retirement age by virtue of having at least 25 years of service credit is reduced by a statutorily prescribed factor for each year that a member is below his/her normal retirement age at retirement. The system also provides disability and death benefits, which are established by statute for State employee and teacher members and by contract with other participating employers under applicable statutory provisions. Upon termination of membership, members' accumulated employee contributions are refundable with interest, credited in accordance with statute. Withdrawal of accumulated contributions results in forfeiture of all benefits and membership rights.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *FUNDING POLICY*

Retirement benefits are funded by contributions from members and employers and by earnings on investments. Disability and death benefits are funded by employer normal cost contributions and by investment earnings. Member and employer contribution rates are each a percentage of applicable member compensation. Member contribution rates are defined by law or Board rule and depend on the terms of the plan under which a member is covered. Employer contribution rates are determined through actuarial valuations. The Authority's required and actual contributions to MPERS for the year ended June 30, 2020 were \$266,934. Employee contributions for the same period were \$205,216.

#### *PENSION LIABILITIES*

At December 31, 2020, the Authority reported a liability of \$1,641,882 for its proportionate share of the net pension liability. The net pension liability was measured as June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

#### *PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES*

For the year ended December 31, 2020, the Authority recognized pension expense of \$311,508. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 98,526	\$ 18,052
Net difference between projected and actual earnings on pension plan investments	106,839	--
Changes in proportion and differences between contributions and proportionate share of contributions	--	56,624
Contributions subsequent to the measurement date	136,896	--
Total	<u>\$ 342,261</u>	<u>\$ 74,676</u>



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *PENSION EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (CONTINUED)*

These amounts will be recognized as expense, or as a reduction of expense, as follows:

Measurement Period Ending December 31,	Deferred Outflows (Inflows of) Resources
2021	\$ 53,794
2022	32,094
2023	90,748
2024	<u>90,949</u>
Total	<u>\$ 267,585</u>

#### *ACTUARIAL METHODS & ASSUMPTIONS*

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial methods and assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry Age Normal Cost Method
Investment rate of return	6.75%
Discount rate	6.75%
Inflation	2.75%
Salary increases	2.75 plus merit component based on each employee's years of service
Cost of living adjustments	1.91%

Mortality rates	For active members and non-disabled retirees, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females is used.
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# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *ACTUARIAL METHODS & ASSUMPTIONS (CONTINUED)*

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Rate of Return
Public Equities	30.00%	6.00%
US Government	7.50%	2.30%
Private Equity	15.00%	7.60%
Real estate	10.00%	5.20%
Infrastructure	10.00%	5.30%
Natural Resources	5.00%	5.00%
Traditional Credit	7.50%	3.00%
Alternative Credit	5.00%	7.20%
Diversifiers	10.00%	5.90%

#### *DISCOUNT RATE*

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 12 – COST-SHARING DEFINED BENEFIT PENSION PLAN (CONTINUED)

#### *SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net pension liability (asset)	\$ 3,450,552	\$ 1,641,882	\$ 161,335

#### *PENSION PLAN FIDUCIARY NET POSITION*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

#### *PAYABLES TO THE PENSION PLAN*

As of December 31, 2020, the Authority owed MPERS \$45,243 for the December 2020, employee and employer withholdings.

### NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### *PLAN DESCRIPTION AND BENEFITS PROVIDED*

MPERS administers a Group Life Insurance Program for Retired PLD employees through a multiple-employer cost-sharing plan. The Group Life Insurance Plans provide basic group life insurance benefits, during retirement, to retirees who participated in the group life insurance plan prior to retirement for a minimum of 10 years (the 10-year participation requirement does not apply to recipients of disability retirement benefits). The level of coverage in retirement is initially set to an amount equal to the retiree's average final compensation. The initial amount of basic life is then subsequently reduced at the rate of 15% per year to the greater of 40% of the initial amount or \$2,500. As of June 30, 2020 there were 139 employers participating in the plan.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *CONTRIBUTIONS*

Premium rates are those determined by the System's Board of Trustees to be actuarially sufficient to pay anticipated claims. PLD employers with retired PLD employees are required to remit a premium of \$0.46 per \$1,000 of coverage per month during the post-employment retired period. Contributions to the OPEB plan from the Authority were \$4,794 for the year ended June 30, 2020. Employees are not required to contribute to the OPEB plan.

#### *OPEB LIABILITIES, OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB*

At December 31, 2020, the Authority reported a liability of \$56,112 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net OPEB liability was based on a projection of the Authority's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating employers, actuarially determined. At June 30, 2020, the Authority's proportion was 0.42534%.

For the year ended December 31, 2020, the Authority recognized negative OPEB expense of \$5,471. At December 31, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
-		
Differences between expected and actual experience	\$ 6,928	\$ --
Changes of assumptions	5,840	39,987
Changes in Proportion	784	4,509
Net difference between projected and actual earnings on plan investments	<u>--</u>	<u>1,401</u>
-		
Total	<u>\$ 13,552</u>	<u>\$ 45,897</u>

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *OPEB LIABILITIES, OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)*

These amounts will be recognized as expense, or as a reduction of expense, as follows:

<u>Measurement period ending June 30,</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2021	\$ (9,363)
2022	(8,514)
2023	(2,869)
2024	(5,457)
2025	<u>(6,142)</u>
Total	<u>\$ (32,345)</u>

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *ACTUARIAL METHODS AND ASSUMPTIONS*

The total OPEB liability was determined by an actuarial valuation as of June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date	June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal
Investment Rate of Return	6.75% per annum, compounded annually
Discount Rate	6.75%, net of OPEB plan investment expense, including inflation.
Inflation	2.75%
Salary Increase	2.75% - 9.00%
Cost of Living Adjustment	N/A - Life benefits do not increase with Cost of Living
Mortality Rates	For active members and non-disabled retirees of the State employees and teachers, legislative, judicial, and PLD plans, the RP2014 Total Dataset Healthy Annuitant Mortality Table, for males and females, is used. For all recipients of disability benefits, the RP2014 Total Dataset Disabled Annuitant Mortality Table, for males and females, is used.
Mortality Experience Study	The demographic assumptions adopted are based on an experience study covering the period from June 30, 2012 through June 30, 2015 and the economic assumptions are based on this experience study along with the advice of the Maine PERS investment consultants.
Healthcare Trend	N/A- the use of the healthcare cost trend rate is not applicable to the life insurance OPEB plans administered by the system.
Withdrawal Rates	Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service ranging from 25% with 0 years of service to 2.5% with 25 years of service

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 13 – COST-SHARING OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *SENSITIVITY OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 6.75% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net OPEB liability	\$ <u>75,572</u>	\$ <u>56,112</u>	\$ <u>40,470</u>

#### *OPEB PLAN FIDUCIARY NET POSITION*

Detailed information about the pension plan's fiduciary net position is available in the separately issued MPERS financial report.

#### *PAYABLES TO THE OPEB PLAN*

As of December 31, 2020, the Authority had no outstanding payables to MPERS.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

#### *PLAN DESCRIPTION*

The Authority's defined benefit OPEB plan provides OPEB for employees who meet specified criteria. The OPEB plan is a single employer defined benefit OPEB plan administered by the Maine Municipal Employees Health Trust. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement 75.

The employee must meet the minimum requirement of age 55 with at least 5 years of service at retirement to be eligible for postretirement benefits. The retiree must enroll when first eligible and continue coverage without interruption thereafter. Any retiree who does not enroll when first eligible for coverage or who terminates for any reason shall not be eligible for subsequent enrollment.

#### *BENEFITS PROVIDED*

*Medical/Prescription drug:* The non-Medicare retirees are offered the same plans that are available to the active employees, as described in the benefits summaries. Medicare retirees are assumed to be enrolled in Medicare Parts A and B which are primary, and the Retiree Group Companion Plan which includes prescription drug coverage.

*Medicare* - Medicare benefits will be taken into account for any member or dependent while they are eligible to apply for Medicare. The Fund will determine a family member's benefit allowance, if any, based upon the applicable Medicare statutes and regulations. The Fund does not participate in the Medicare Retiree Drug Subsidy program.

*Duration of Coverage* – Medical benefits are provided for the life of the retiree and surviving spouses.

*Life Insurance* - The \$2,000 life insurance benefit is provided automatically to all retirees participating in the retiree medical plan. Spouses are not covered for life insurance, but surviving spouses covered by the retiree medical plan are covered for a \$2,000 life insurance benefit as well.

*Dental* – Current retirees do not have access to dental benefits. Future new retirees who retire on and after January 1, 2017 will have access to purchase dental coverage at the Plan COBRA rates.



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *PLAN MEMBERSHIP*

At December 31, 2020, there are 42 active employees and zero retired employees enrolled in the plan.

#### *ACTUARIAL METHODS AND ASSUMPTIONS*

The total OPEB liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation Date: Actuarially Determined Contribution was calculated as of January 1, 2020

Actuarial Cost Method: Individual Entry Age Normal

Municipal Bond Rate: 2.74% as of December 31, 2018 based upon an earlier measurement date, as of December 26, 2019 (Source: Bond Buyer 20-GO Index)

Discount Rate: 2.74%

Inflation: 2.00%

Rate of Mortality: Rates of mortality are based on 104% and 120% of the RP- 2014 Total Dataset Healthy Annuitant Mortality Table, Respectively for males and females, using the RP-2014 Total Dataset Employee Mortality Table for ages prior to start of the Healthy Annuitant Mortality Table, both projected from the 2006 base rates using the RPEC\_2015 model, with an ultimate rate of 0.85% for ages 20-85 grading down to an ultimate rate of 0.00% for ages 111-120, and convergence to the ultimate rate in year 2020.

Rationale for Demographic and Economic Assumptions: The actuarial assumptions are the assumptions that were adopted by the Maine State Retirement Consolidated Plan for Participating Local Districts as of June 30, 2016 and based on the experience study covering the period from June 30, 2012 through June 30, 2015.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *ACTUARIAL METHODS AND ASSUMPTIONS (CONTINUED)*

Healthcare Trend: The Medicare blended rate is expected to increase at a decreasing rate from 7.84% in 2020 to 3.53% in 2040. The Non-Medicare blended rate is expected to increase at a decreasing rate from 8.55% in 2020 to 3.53% in 2040.

Withdrawal Rates: Plan participants are expected to withdraw from the plan at a decreasing rate, based on years of service ranging from 25% with 0 years of service to 4% with 7+ years of service.

Retirement Rates: Plan participants are expected to retire at an increasing rate based on age ranging from 5% at age 55 to 100% at age 70.

#### *CHANGES IN THE TOTAL OPEB LIABILITY*

Balance at beginning of year	\$	293,910
Changes for the year:		
Service cost		24,674
Interest		12,967
Changes of benefit terms		(6,322)
Difference between expected and actual experience		(67,695)
Changes of Assumptions		53,907
Benefit payments		(4,657)
Net changes		<u>12,874</u>
Balance at end of year	\$	<u>306,784</u>

#### *SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE*

The following table presents the Plan's total OPEB liability, calculated using the discount rate of 2.74% as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower, or 1 percentage-point higher, than the current rate.

	1% Decrease 1.74%	Current Discount 2.74%	1% Increase 3.74%
Total OPEB liability	\$ <u>361,138</u>	\$ <u>306,784</u>	\$ <u>262,863</u>

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *SENSITIVITY OF THE TOTAL OPEB LIABILITY TO CHANGES IN THE HEALTHCARE TREND RATE*

The following table presents the net other postemployment benefit liability, calculated the healthcare trend rate if it was 1 percentage-point lower or 1 percentage-point higher than the current rate.

	1% Decrease	Current Trend	1% Increase
Total OPEB liability	\$ 258,798	\$ 306,784	\$ 367,864

#### *OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB*

For the year ended December 31, 2020, the Authority recognized OPEB expenses of \$27,614. The deferred outflows of resources resulting from contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. At December 31, 2020, the Authority reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ --	\$ 67,511
Changes of assumptions	63,755	21,865
Total	\$ 63,755	\$ 89,376

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 14 – SINGLE EMPLOYER OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (CONTINUED)

#### *OPEB EXPENSE AND DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES RELATED TO OPEB (CONTINUED)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ending January 1,	Deferred Outflows (Inflows of) Resources
2021	\$ (3,705)
2022	(3,705)
2023	(3,705)
2024	(3,705)
2025	(3,712)
Thereafter	<u>(7,089)</u>
Total	<u>\$ (25,621)</u>

### NOTE 15 – OTHER RETIREMENT PLANS

The Authority provides to employees a separate deferred compensation plan in accordance with IRC §457. The plan is open to all employees. Employee contributions for 2020 were \$4,510. There were no employer contributions.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

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### NOTE 16 – RISK MANAGEMENT

#### *LITIGATION*

The Authority is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Claims covered by the risk management program are reviewed and losses are accrued as required in the judgment of management. In the opinion of management, based on the advice of legal counsel, the ultimate disposition of lawsuits and claims will not have a material adverse effect on the financial position of the Authority.

#### *GRANTS*

Amounts received or receivable from the grantor agencies are subject to audit and adjustment by grantor agencies. If expenditures are disallowed as a result of these audits, the claims for reimbursement to the grantor agency would become a liability of the Authority. In the opinion of management, any such adjustments would not be significant.

### NOTE 17 – RELATED PARTY TRANSACTIONS

The Authority acts as the management agent for properties owned by Bangor Housing Development Corporation (BHDC). The Authority receives a management fee from each of these entities for its services. The Authority is reimbursed administrative and maintenance services performed. The Authority charged \$177,438 of management fees and was reimbursed \$452,329 for administrative and maintenance services for the year ended December 31, 2020. At December 31, 2020, the Authority was owed \$359,261 for services provided to Bangor Housing Development Corporation. For the year ended December 31, 2020, the Authority made housing assistance payments on behalf of residents living in properties owned by BHDC of \$391,648.

The Authority also provides general bookkeeping and staffing to the Boys and Girls Club of Bangor. Subject to funding appropriations from HUD and approval of the Authority's Board of Commissioners, the Authority provides an annual contribution to the Boys and Girls Club of Bangor. For the year ended December 31, 2020, this contribution was \$182,700. The Authority receives a monthly bookkeeping fee of \$200 and is reimbursed for the staffing costs. For the year ended December 31, 2020, the Authority was reimbursed \$238,115 and at December 31, 2020 \$26,140 was due to the Authority.

# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2020**

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### **NOTE 18 – ECONOMIC UNCERTAINTIES**

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of business across the country for non-essential services. There is considerable uncertainty about the duration of closings. The Authority has been able to continue its operations in this environment, however, at this point, the extent to which COVID-19 may impact the Authority's financial condition or results of operations is uncertain.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS MAINE MUNICIPAL EMPLOYEES HEALTH TRUST

### LAST THREE FISCAL YEARS

Measurement period ending January 1,	2020	2019	2018
<b>Total OPEB Liability</b>			
Service cost	\$ 24,674	\$ 27,117	\$ 22,556
Interest	12,967	10,819	10,129
Changes of benefit terms	(6,322)	--	--
Difference between expected and actual experience	(67,695)	--	(13,243)
Changes of Assumptions	53,907	(29,153)	26,540
Benefit payments	<u>(4,657)</u>	<u>(4,478)</u>	<u>(3,550)</u>
Net Change in Total Pension Liability	<u>12,874</u>	<u>4,305</u>	<u>42,432</u>
<b>Total OPEB Liability - Beginning</b>	<u>293,910</u>	<u>289,605</u>	<u>247,173</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 306,784</u>	<u>\$ 293,910</u>	<u>\$ 289,605</u>
<b>Covered Payroll</b>	\$ 2,114,099	\$ 2,207,478	\$ 2,207,478
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	14.51%	13.31%	13.12%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

*See Notes to Required Supplementary Information*

## HOUSING AUTHORITY OF THE CITY OF BANGOR

### SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

#### LAST THREE FISCAL YEARS

Measurement period ending June 30,	2020	2019	2018
Authority's proportion of the net OPEB liability	0.425%	0.432%	0.438%
Authority's proportionate share of the net OPEB liability	\$ 56,112	\$ 92,441	\$ 88,511
Authority's Covered-employee payroll	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876
Proportionate share of the net OPEB liability as a percentage of covered-employee payroll	2.2%	3.6%	3.6%
Plan fiduciary net position as a percentage of the total OPEB liability	55.400%	43.200%	43.900%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

*See Notes to Required Supplementary Information*



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF OPEB CONTRIBUTIONS MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### LAST THREE FISCAL YEARS

Measurement Period Ending June 30,	2020	2019	2018
Contractually required contribution	\$ 4,794	\$ 4,754	\$ 1,005
Contributions in relation to the contractually required contribution	<u>4,794</u>	<u>4,754</u>	<u>1,005</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876
Contributions as a percentage of covered payroll	0.19%	0.18%	0.04%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

*See Notes to Required Supplementary Information*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### LAST SIX FISCAL YEARS

Measurement Period Ending June 30,	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.413%	0.437%	0.440%	0.452%	0.442%	0.415%
Proportionate share of the net pension liability	\$ 1,641,882	\$ 1,334,337	\$ 1,204,416	\$ 1,849,110	\$ 2,349,868	\$ 1,325,639
Covered payroll	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876	\$ 2,295,894	\$ 2,191,175	\$ 2,056,624
Proportionate share of the net pension liability as a percentage of covered payroll	64.0%	51.5%	48.7%	80.5%	107.2%	64.5%
Plan fiduciary net position as a percentage of the total pension liability	88.350%	90.620%	91.100%	86.428%	81.613%	88.274%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

*See Notes to Required Supplementary Information*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF PENSION CONTRIBUTIONS MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

### LAST SIX FISCAL YEARS

Measurement Period Ending June 30,	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 266,934	\$ 267,039	\$ 254,868	\$ 231,513	\$ 207,529	\$ 169,804
Contributions in relation to the contractually required contribution	<u>266,934</u>	<u>267,039</u>	<u>254,868</u>	<u>231,513</u>	<u>207,529</u>	<u>169,804</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
Covered payroll	\$ 2,566,673	\$ 2,592,531	\$ 2,474,876	\$ 2,295,894	\$ 2,191,175	\$ 2,056,624
Contributions as a percentage of covered payroll	10.40%	10.30%	10.30%	10.08%	9.47%	8.26%

The Schedule is intended to present information for 10 years, additional years will be displayed as they become available.

*See Notes to Required Supplementary Information*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

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### NOTE 1 – MAINE MUNICIPAL EMPLOYEES HEALTH TRUST DEFINED BENEFIT OPEB PLAN

#### *DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION*

The Schedule of Changes in the Total OPEB Liability and Related Ratios details the Plan's other postemployment benefit liability and the covered employee payroll. It demonstrates the Plan's total liability and the Plan's liability as a percentage of covered payroll.

#### *10-YEAR TREND INFORMATION*

The Schedule of Changes in the Total OPEB Liability and Related Ratios is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

#### *CHANGES IN BENEFIT TERMS*

The following changes are effective January 1, 2020:

- The carryover provision (of claims incurred in the prior calendar year quarter) were eliminated beginning January 1, 2020. The accumulation of the deductible will relate to claims incurred during the current calendar year. This benefit was already reflected as it was initially scheduled to take effect January 1, 2019.
- Increase the overall out-of-pocket maximum as follows:
  - For all the POS plans from \$6,350 single/\$12,700 family to \$6,500 single/\$13,000 family be increasing the copay "bucket" from each plan by \$150 single/ \$300 family.
  - For all the PPO plans from \$6,350 single/\$12,700 family to \$7,500 single/\$15,000 family be increasing the copay "bucket" from each plan by \$1,150 single/ \$2,300 family.
- The copay for services received at an urgent care facility will decrease to match the copay for services received at an Anthem In-Network Walk-In Center (urgent care services previously paid were subject to the emergency room copay). Services received from an urgent care facility not on the Anthem In-Network list will be subject to the deductible or coinsurance after the copay; mirroring the OU-of-network coverage for the walk-in-clinics.
- Coverage for hearing aids will be extended to all active and retired members age 19 and older, and will be subject to a maximum of \$3,000 per hearing impaired ear, once every 36 months

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2020

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### NOTE 1 – MAINE MUNICIPAL EMPLOYEES HEALTH TRUST DEFINED BENEFIT OPEB PLAN

#### *CHANGES IN ASSUMPTIONS*

Effective in the January 1, 2020 measurement report:

- The discount rate decreased from 4.10% to 2.74%
- The medical and prescription drug trends were updated
- The repeal of the “Cadillac tax” was reflected in this valuation by removing the previously planned excise tax

### NOTE 2 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT OPEB PLAN

#### *DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION*

The Schedule of the Authority’s Proportionate Share of the Net Other Postemployment Benefit Liability presents multi-year trend information on the Authority’s share of the Net OPEB Liability and related ratios.

The Schedule of Authority OPEB Contributions presents multiyear trend information for the Authority’s required and actual contributions relating to the pension plan.

#### *10-YEAR TREND INFORMATION*

The Schedule of the Authority’s Proportionate Share of the Net Other Postemployment Benefit Liability and the Schedule of Contributions is intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

#### *CHANGES IN BENEFIT TERMS*

There were no changes in benefit terms from the prior measurement report.

#### *CHANGES IN ASSUMPTIONS*

Effective in the June 30, 2020 measurement report:

- The discount rate increased from 4.98% to 6.75%

# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**

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### **NOTE 3 – MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM DEFINED BENEFIT PENSION PLAN**

#### ***DESCRIPTION OF REQUIRED SUPPLEMENTARY INFORMATION***

The Schedule of the Proportionate Share of the Net Pension Liability presents multi-year trend information on the Authority's share of the Net Pension Liability and related ratios.

The Schedule of Pension Contributions presents multiyear trend information for the Authority's required and actual contributions relating to the pension plan.

#### ***10-YEAR TREND INFORMATION***

The Schedules of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions are intended to present information for 10 years. Until a 10-year trend is compiled, information is presented for those years in which information is available.

#### ***CHANGES IN BENEFIT TERMS***

There were no changes in benefit terms from the prior measurement report.

#### ***CHANGES IN ASSUMPTIONS***

There were no changes in assumptions from the prior measurement report

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	ME009000001	ME009000004	AMPs	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	COCC CARES Act Funding
111	Cash - Unrestricted	1,052,446	-	1,052,446	-	-	8,904	-
113	Cash - Other Restricted	185,188	-	185,188	-	56,828	-	-
114	Cash - Tenant Security Deposits	189,339	14,824	204,163	-	-	-	-
115	Cash - Restricted for Payment of Current Liabilities	15,544	-	15,544	-	8,039	-	-
100	Total Cash	1,442,517	14,824	1,457,341	-	239,335	8,904	-
-								
122	Accounts Receivable - HUD Other Projects	263,087	20,008	283,095	-	-	-	-
125	Accounts Receivable - Miscellaneous	43,268	-	43,268	-	-	-	-
126	Accounts Receivable - Tenants	89,116	2,207	91,323	-	-	-	-
126.1	Allowance for Doubtful Accounts - Tenants	(58,273)	(1,893)	(60,166)	-	-	-	-
128	Fraud Recovery	-	-	-	-	4,150	-	-
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	(4,150)	-	-
120	Total Receivables, Net of Allowances for Doubtful Accounts	337,198	20,322	357,520	-	-	-	-
-								
142	Prepaid Expenses and Other Assets	39,365	-	39,365	-	-	-	-
143	Inventories	154,900	-	154,900	-	-	-	-
143.1	Allowance for Obsolete Inventories	(1,549)	-	(1,549)	-	-	-	-
144	Inter Program Due From	172,861	-	172,861	18,134	-	-	-
150	Total Current Assets	2,145,292	35,146	2,180,438	18,134	239,335	8,904	-
-								
161	Land	5,009,179	486,474	5,495,653	-	-	-	-
162	Buildings	31,483,647	2,854,155	34,337,802	-	-	-	-
163	Furniture, Equipment & Machinery - Dwellings	828,943	266,581	1,095,524	-	-	-	-
164	Furniture, Equipment & Machinery - Administration	300,659	12,444	313,103	-	24,547	-	-
166	Accumulated Depreciation	(25,709,924)	(2,619,010)	(28,328,934)	-	(24,547)	-	-
167	Construction in Progress	1,410,958	67,579	1,478,537	-	-	-	-
160	Total Capital Assets, Net of Accumulated Depreciation	13,323,462	1,068,223	14,391,685	-	-	-	-
-								
180	Total Non-Current Assets	13,323,462	1,068,223	14,391,685	-	-	-	-
-								
200	Deferred Outflow of Resources	504,481	58,783	563,264	-	26,538	278	-
290	Total Assets and Deferred Outflow of Resources	15,973,235	1,162,152	17,135,387	18,134	265,873	9,182	-
-								
312	Accounts Payable <= 90 Days	355,560	565	356,125	-	-	-	-
321	Accrued Wage/Payroll Taxes Payable	14,265	743	15,008	-	1,085	12	-
322	Accrued Compensated Absences - Current Portion	34,365	1,464	35,829	-	6,575	50	-
325	Accrued Interest Payable	8,073	1,144	9,217	-	-	-	-
333	Accounts Payable - Other Government	129,549	12,922	142,471	-	487	-	-
341	Tenant Security Deposits	189,339	14,824	204,163	-	-	-	-
342	Unearned Revenue	26,667	2,324	28,991	18,134	-	-	-
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	176,400	22,188	198,588	-	-	-	-
345	Other Current Liabilities	15,544	-	15,544	-	8,039	-	-
346	Accrued Liabilities - Other	91,548	11,488	103,036	-	-	-	-
347	Inter Program - Due To	18,134	22,652	40,786	-	-	-	-
310	Total Current Liabilities	1,059,444	90,314	1,149,758	18,134	16,186	62	-
-								
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	4,018,290	527,864	4,546,154	-	-	-	-
353	Non-current Liabilities - Other	554,971	49,371	604,342	-	14,985	-	-
354	Accrued Compensated Absences - Non Current	26,976	1,150	28,126	-	5,161	40	-
357	Accrued Pension and OPEB Liabilities	625,175	42,787	667,962	-	129,317	1,258	-
350	Total Non-Current Liabilities	5,225,412	621,172	5,846,584	-	149,463	1,298	-
-								

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	ME009000001	ME009000004	AMPs	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	COCC CARES Act Funding
300	Total Liabilities	6,284,856	711,486	6,996,342	18,134	165,649	1,360	-
-								
400	Deferred Inflow of Resources	65,396	4,312	69,708	-	13,484	124	-
-								
508.4	Net Investment in Capital Assets	9,128,772	518,171	9,646,943	-	-	-	-
511.4	Restricted Net Position	-	-	-	-	44,661	-	-
512.4	Unrestricted Net Position	494,211	(71,817)	422,394	-	42,079	7,698	-
513	Total Equity - Net Assets / Position	9,622,983	446,354	10,069,337	-	86,740	7,698	-
-								
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	15,973,235	1,162,152	17,135,387	18,134	265,873	9,182	-
-								
70300	Net Tenant Rental Revenue	2,253,308	200,474	2,453,782	-	-	-	-
70400	Tenant Revenue - Other	246,625	6,330	252,955	-	-	-	-
70500	Total Tenant Revenue	2,499,933	206,804	2,706,737	-	-	-	-
-								
70600	HUD PHA Operating Grants	2,906,300	311,684	3,217,984	27,620	2,938,188	34,560	-
70610	Capital Grants	1,601,445	67,579	1,669,024	-	-	-	-
70710	Management Fee	-	-	-	-	-	-	-
70720	Asset Management Fee	-	-	-	-	-	-	-
70730	Book Keeping Fee	-	-	-	-	-	-	-
70740	Front Line Service Fee	-	-	-	-	-	-	-
70700	Total Fee Revenue	-	-	-	-	-	-	-
-								
71100	Investment Income - Unrestricted	4,965	42	5,007	-	1,029	-	-
71400	Fraud Recovery	-	-	-	-	578	-	-
71500	Other Revenue	265,948	-	265,948	-	159,257	-	-
71600	Gain or Loss on Sale of Capital Assets	17,000	-	17,000	-	-	-	-
70000	Total Revenue	7,295,591	586,109	7,881,700	27,620	3,099,052	34,560	-
-								
91100	Administrative Salaries	427,138	30,724	457,862	-	77,285	1,405	-
91200	Auditing Fees	16,280	991	17,271	-	793	112	-
91300	Management Fee	763,660	51,548	815,208	-	63,289	720	-
91310	Book-keeping Fee	45,465	4,365	49,830	-	36,863	450	-
91400	Advertising and Marketing	854	40	894	-	33	-	-
91500	Employee Benefit contributions - Administrative	176,349	22,202	198,551	-	34,514	657	-
91600	Office Expenses	142,776	8,349	151,125	-	11,022	739	-
91700	Legal Expense	10,461	-	10,461	-	-	-	-
91800	Travel	68,421	1,081	69,502	-	950	-	-
91900	Other	74,946	4,047	78,993	-	6,376	494	-
91000	Total Operating - Administrative	1,726,350	123,347	1,849,697	-	231,125	4,577	-
-								
92000	Asset Management Fee	61,440	-	61,440	-	-	-	-
92100	Tenant Services - Salaries	128,033	13,343	141,376	12,859	4,105	-	-
92300	Employee Benefit Contributions - Tenant Services	61,782	6,892	68,674	11,197	8,321	-	-
92400	Tenant Services - Other	379,000	4,234	383,234	-	1,286	-	-
92500	Total Tenant Services	568,815	24,469	593,284	24,056	13,712	-	-
-								
93100	Water	84,765	3,081	87,846	-	-	-	-
93200	Electricity	382,215	39,906	422,121	-	-	-	-
93300	Gas	246,152	1,868	248,020	-	-	-	-
93600	Sewer	159,509	5,397	164,906	-	-	-	-
93000	Total Utilities	872,641	50,252	922,893	-	-	-	-

*See Independent Auditors' Report*



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	ME009000001	ME009000004	AMPs	ROSS	Housing Choice Vouchers	Section 8 Moderate Rehabilitation Program	COCC CARES Act Funding
-								
94100	Ordinary Maintenance and Operations - Labor	163,080	9,431	172,511	-	18,247	171	-
94200	Ordinary Maintenance and Operations - Materials and Other	61,099	249	61,348	-	-	-	-
94300	Ordinary Maintenance and Operations Contracts	1,195,147	125,126	1,320,273	-	944	-	-
94500	Employee Benefit Contributions - Ordinary Maintenance	15,818	2,765	18,583	-	8,062	2	-
94000	Total Maintenance	1,435,144	137,571	1,572,715	-	27,253	173	-
-								
95200	Protective Services - Other Contract Costs	55,649	697	56,346	-	-	-	-
95000	Total Protective Services	55,649	697	56,346	-	-	-	-
-								
96110	Property Insurance	120,541	6,800	127,341	-	-	-	-
96120	Liability Insurance	57,811	4,569	62,380	-	1,803	256	-
96130	Workmen's Compensation	44,613	2,715	47,328	-	2,173	306	-
96100	Total insurance Premiums	222,965	14,084	237,049	-	3,976	562	-
-								
96200	Other General Expenses	190,393	2,779	193,172	-	-	-	-
96210	Compensated Absences	101,053	3,994	105,047	-	10,882	90	-
96300	Payments in Lieu of Taxes	125,205	12,922	138,127	-	-	-	-
96400	Bad debt - Tenant Rents	86,545	3,099	89,644	-	-	-	-
96000	Total Other General Expenses	503,196	22,794	525,990	-	10,882	90	-
-								
96710	Interest of Mortgage (or Bonds) Payable	128,650	17,047	145,697	-	-	-	-
96720	Interest on Notes Payable (Short and Long Term)	2,694	-	2,694	-	-	-	-
96700	Total Interest Expense and Amortization Cost	131,344	17,047	148,391	-	-	-	-
-								
96900	Total Operating Expenses	5,577,544	390,261	5,967,805	24,056	286,948	5,402	-
-								
97000	Excess of Operating Revenue over Operating Expenses	1,718,047	195,848	1,913,895	3,564	2,812,104	29,158	-
-								
97300	Housing Assistance Payments	-	-	-	-	2,577,371	31,939	-
97350	HAP Portability-In	-	-	-	-	146,762	-	-
97400	Depreciation Expense	1,225,345	101,961	1,327,306	-	-	-	-
90000	Total Expenses	6,802,889	492,222	7,295,111	24,056	3,011,081	37,341	-
-								
10010	Operating Transfer In	224,689	127,794	352,483	-	-	-	-
10020	Operating transfer Out	(224,689)	(127,794)	(352,483)	-	-	-	-
10093	Transfers between Program and Project - In	3,564	-	3,564	-	-	-	-
10094	Transfers between Project and Program - Out	-	-	-	(3,564)	-	-	-
10100	Total Other financing Sources (Uses)	3,564	-	3,564	(3,564)	-	-	-
-								
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	496,266	93,887	590,153	-	87,971	(2,781)	-
-								
11020	Required Annual Debt Principal Payments	175,601	19,060	194,661	-	-	-	-
11030	Beginning Equity	9,126,717	352,467	9,479,184	-	(1,231)	10,479	-
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	42,079	-	-
11180	Housing Assistance Payments Equity	-	-	-	-	44,661	-	-
11190	Unit Months Available	6,192	600	6,792	-	5,280	60	-
11210	Number of Unit Months Leased	6,062	582	6,644	-	4,915	60	-
11620	Building Purchases	1,601,445	67,579	1,669,024	-	-	-	-
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	-	-	-

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	HCV CARES Act Funding	PIH CARES Act Funding	FSS Program	State/Local	COCC	Eliminations	Total
111	Cash - Unrestricted	-	-	-	19,241	-	-	1,255,059
113	Cash - Other Restricted	127,969	33,817	-	-	-	-	403,802
114	Cash - Tenant Security Deposits	-	-	-	-	-	-	204,163
115	Cash - Restricted for Payment of Current Liabilities	-	-	-	-	-	-	23,583
100	Total Cash	127,969	33,817	-	19,241	-	-	1,886,607
-								
122	Accounts Receivable - HUD Other Projects	-	-	-	-	-	-	283,095
125	Accounts Receivable - Miscellaneous	-	-	-	351,144	6,185	-	400,597
126	Accounts Receivable - Tenants	-	-	-	-	-	-	91,323
126.1	Allowance for Doubtful Accounts - Tenants	-	-	-	-	-	-	(60,166)
128	Fraud Recovery	-	-	-	-	-	-	4,150
128.1	Allowance for Doubtful Accounts - Fraud	-	-	-	-	-	-	(4,150)
120	Total Receivables, Net of Allowances for Doubtful Accounts	-	-	-	351,144	6,185	-	714,849
-								
142	Prepaid Expenses and Other Assets	-	-	-	-	-	-	39,365
143	Inventories	-	-	-	-	-	-	154,900
143.1	Allowance for Obsolete Inventories	-	-	-	-	-	-	(1,549)
144	Inter Program Due From	-	-	-	62,236	22,652	(275,883)	-
150	Total Current Assets	127,969	33,817	-	432,621	28,837	(275,883)	2,794,172
-								
161	Land	-	-	-	-	-	-	5,495,653
162	Buildings	-	-	-	-	-	-	34,337,802
163	Furniture, Equipment & Machinery - Dwellings	-	-	-	-	1,383	-	1,096,907
164	Furniture, Equipment & Machinery - Administration	-	-	-	-	1,081,334	-	1,418,984
166	Accumulated Depreciation	-	-	-	-	(576,193)	-	(28,929,674)
167	Construction in Progress	-	-	-	-	-	-	1,478,537
160	Total Capital Assets, Net of Accumulated Depreciation	-	-	-	-	506,524	-	14,898,209
-								
180	Total Non-Current Assets	-	-	-	-	506,524	-	14,898,209
200	Deferred Outflow of Resources	-	-	-	29,428	222,032	-	841,540
-								
290	Total Assets and Deferred Outflow of Resources	127,969	33,817	-	462,049	757,393	(275,883)	18,533,921
-								
312	Accounts Payable <= 90 Days	-	-	-	-	15,837	-	371,962
321	Accrued Wage/Payroll Taxes Payable	-	-	-	2,131	17,290	-	35,526
322	Accrued Compensated Absences - Current Portion	-	-	-	4,553	41,586	-	88,593
325	Accrued Interest Payable	-	-	-	-	567	-	9,784
333	Accounts Payable - Other Government	-	-	-	-	-	-	142,958
341	Tenant Security Deposits	-	-	-	-	-	-	204,163
342	Unearned Revenue	127,969	33,817	-	-	-	-	208,911
343	Current Portion of Long-term Debt - Capital Projects/Mortgage Revenue	-	-	-	-	107,405	-	305,993
345	Other Current Liabilities	-	-	-	-	-	-	23,583
346	Accrued Liabilities - Other	-	-	-	-	-	-	103,036
347	Inter Program - Due To	-	-	-	-	235,097	(275,883)	-
310	Total Current Liabilities	127,969	33,817	-	6,684	417,782	(275,883)	1,494,509
-								
351	Long-term Debt, Net of Current - Capital Projects/Mortgage Revenue	-	-	-	-	215,674	-	4,761,828
353	Non-current Liabilities - Other	-	-	-	-	-	-	619,327
354	Accrued Compensated Absences - Non Current	-	-	-	3,574	32,645	-	69,546
357	Accrued Pension and OPEB Liabilities	-	-	-	138,390	1,067,851	-	2,004,778

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	HCV CARES Act Funding	PIH CARES Act Funding	FSS Program	State/Local	COCC	Eliminations	Total
350	Total Non-Current Liabilities	-	-	-	141,964	1,316,170	-	7,455,479
-								
300	Total Liabilities	127,969	33,817	-	148,648	1,733,952	(275,883)	8,949,988
-								
400	Deferred Inflow of Resources	-	-	-	14,213	112,420	-	209,949
-								
508.4	Net Investment in Capital Assets	-	-	-	-	183,445	-	9,830,388
511.4	Restricted Net Position	-	-	-	-	-	-	44,661
512.4	Unrestricted Net Position	-	-	-	299,188	(1,272,424)	-	(501,065)
513	Total Equity - Net Assets / Position	-	-	-	299,188	(1,088,979)	-	9,373,984
-								
600	Total Liab., Def. Inflow of Res., and Equity - Net Assets / Position	127,969	33,817	-	462,049	757,393	(275,883)	18,533,921
-								
70300	Net Tenant Rental Revenue	-	-	-	-	-	-	2,453,782
70400	Tenant Revenue - Other	-	-	-	-	-	-	252,955
70500	Total Tenant Revenue	-	-	-	-	-	-	2,706,737
-								
70600	HUD PHA Operating Grants	7,037	403,547	63,709	-	-	-	6,692,645
70610	Capital Grants	-	-	-	-	-	-	1,669,024
70710	Management Fee	-	-	-	-	1,004,407	(1,004,407)	-
70720	Asset Management Fee	-	-	-	-	61,440	(61,440)	-
70730	Book Keeping Fee	-	-	-	-	108,008	(108,008)	-
70740	Front Line Service Fee	-	-	-	-	1,071,819	(1,071,819)	-
70700	Total Fee Revenue	-	-	-	-	2,245,674	(2,245,674)	-
-								
71100	Investment Income - Unrestricted	-	-	-	42	39	-	6,117
71400	Fraud Recovery	-	-	-	-	-	-	578
71500	Other Revenue	-	-	-	382,755	250,162	(146,762)	911,360
71600	Gain or Loss on Sale of Capital Assets	-	-	-	-	35,223	-	52,223
70000	Total Revenue	7,037	403,547	63,709	382,797	2,531,098	(2,392,436)	12,038,684
-								
91100	Administrative Salaries	1,268	10,401	42,048	68,175	352,966	-	1,011,410
91200	Auditing Fees	-	-	-	520	7,303	-	25,999
91300	Management Fee	-	-	-	125,190	-	(1,004,407)	-
91310	Book-keeping Fee	-	-	-	20,865	-	(108,008)	-
91400	Advertising and Marketing	-	-	-	21	2,793	-	3,741
91500	Employee Benefit contributions - Administrative	18	151	21,661	52,470	116,488	-	424,510
91600	Office Expenses	-	-	-	9,341	71,186	-	243,413
91700	Legal Expense	-	-	-	-	-	-	10,461
91800	Travel	-	-	-	-	14,413	-	84,865
91900	Other	-	-	-	2,123	29,670	-	117,656
91000	Total Operating - Administrative	1,286	10,552	63,709	278,705	594,819	(1,112,415)	1,922,055
-								
92000	Asset Management Fee	-	-	-	-	-	(61,440)	-
92100	Tenant Services - Salaries	-	-	-	49,012	-	-	207,352
92300	Employee Benefit Contributions - Tenant Services	-	-	-	5,208	7	-	93,407
92400	Tenant Services - Other	5,751	34,702	-	-	-	-	424,973
92500	Total Tenant Services	5,751	34,702	-	54,220	7	-	725,732
-								
93100	Water	-	26,537	-	-	466	-	114,849
93200	Electricity	-	237,012	-	-	16,846	-	675,979
93300	Gas	-	39,895	-	-	14,881	-	302,796

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SUPPLEMENTARY FINANCIAL DATA SCHEDULE

DECEMBER 31, 2020

FDS Line Item	Description	HCV CARES Act Funding	PIH CARES Act Funding	FSS Program	State/Local	COCC	Eliminations	Total
93600	Sewer	-	54,849	-	-	1,812	-	221,567
93000	Total Utilities	-	358,293	-	-	34,005	-	1,315,191
-								
94100	Ordinary Maintenance and Operations - Labor	-	-	-	45,948	859,768	-	1,096,645
94200	Ordinary Maintenance and Operations - Materials and Other	-	-	-	-	43,713	-	105,061
94300	Ordinary Maintenance and Operations Contracts	-	-	-	-	62,427	(1,071,819)	311,825
94500	Employee Benefit Contributions - Ordinary Maintenance	-	-	-	12,614	371,119	-	410,380
94000	Total Maintenance	-	-	-	58,562	1,337,027	(1,071,819)	1,923,911
-								
95200	Protective Services - Other Contract Costs	-	-	-	-	2,179	-	58,525
95000	Total Protective Services	-	-	-	-	2,179	-	58,525
-								
96110	Property Insurance	-	-	-	-	-	-	127,341
96120	Liability Insurance	-	-	-	1,185	60,885	-	126,509
96130	Workmen's Compensation	-	-	-	1,425	20,023	-	71,255
96100	Total insurance Premiums	-	-	-	2,610	80,908	-	325,105
-								
96200	Other General Expenses	-	-	-	-	-	-	193,172
96210	Compensated Absences	-	-	-	12,668	126,234	-	254,921
96300	Payments in Lieu of Taxes	-	-	-	-	-	-	138,127
96400	Bad debt - Tenant Rents	-	-	-	-	-	-	89,644
96000	Total Other General Expenses	-	-	-	12,668	126,234	-	675,864
-								
96710	Interest of Mortgage (or Bonds) Payable	-	-	-	-	19,010	-	164,707
96720	Interest on Notes Payable (Short and Long Term)	-	-	-	-	-	-	2,694
96700	Total Interest Expense and Amortization Cost	-	-	-	-	19,010	-	167,401
-								
96900	Total Operating Expenses	7,037	403,547	63,709	406,765	2,194,189	(2,245,674)	7,113,784
97000	Excess of Operating Revenue over Operating Expenses	-	-	-	(23,968)	336,909	(146,762)	4,924,900
-								
97300	Housing Assistance Payments	-	-	-	-	-	-	2,609,310
97350	HAP Portability-In	-	-	-	-	-	(146,762)	-
97400	Depreciation Expense	-	-	-	-	122,315	-	1,449,621
90000	Total Expenses	7,037	403,547	63,709	406,765	2,316,504	(2,392,436)	11,172,715
-								
10010	Operating Transfer In	-	-	-	-	-	(352,483)	-
10020	Operating transfer Out	-	-	-	-	-	352,483	-
10093	Transfers between Program and Project - In	-	-	-	-	-	(3,564)	-
10094	Transfers between Project and Program - Out	-	-	-	-	-	3,564	-
10100	Total Other financing Sources (Uses)	-	-	-	-	-	-	-
10000	Excess (Deficiency) of Total Revenue Over (Under) Total Expenses	-	-	-	(23,968)	214,594	-	865,969
-								
11020	Required Annual Debt Principal Payments	-	-	-	-	200,175	-	394,836
11030	Beginning Equity	-	-	-	323,156	(1,303,573)	-	8,508,015
11040	Prior Period Adjustments, Equity Transfers and Correction of Errors	-	-	-	-	-	-	-
11170	Administrative Fee Equity	-	-	-	-	-	-	42,079
11180	Housing Assistance Payments Equity	-	-	-	-	-	-	44,661
11190	Unit Months Available	-	-	-	-	-	-	12,132
11210	Number of Unit Months Leased	-	-	-	-	-	-	11,619
11620	Building Purchases	-	-	-	-	-	-	1,669,024
11640	Furniture & Equipment - Administrative Purchases	-	-	-	-	222,590	-	222,590

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF ACTUAL MODERNIZATION COSTS – UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2020

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Project:	ME01P009501-18	ME01P009501-19	ME01P009501-20
Modernization Funds Approved	\$ 1,326,346	\$ 1,381,502	\$ 1,487,378
Modernization Funds Expended	<u>1,267,507</u>	<u>1,199,018</u>	<u>953,145</u>
Excess of Modernization Funds Approved	<u>\$ 58,839</u>	<u>\$ 182,484</u>	<u>\$ 534,233</u>
Modernization Funds Advanced	\$ 1,265,915	\$ 1,086,669	\$ 783,991
Modernization Funds Expended	<u>1,267,507</u>	<u>1,199,018</u>	<u>953,145</u>
Excess of Modernization Funds Advanced	<u>\$ (1,592)</u>	<u>\$ (112,349)</u>	<u>\$ (169,154)</u>

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF ACTUAL GRANT COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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Grant:	FSS20ME3409
Grant Funds Approved	\$ 63,709
Grant Funds Expended	<u>63,709</u>
Excess of Grant Funds Approved	<u>\$ --</u>
Grant Funds Advanced	\$ 63,709
Grant Funds Expended	<u>63,709</u>
Excess of Grant Funds Advanced	<u>\$ --</u>

Based on our review of the completed grant:

- 1) All work in connection with the grant is complete.
- 2) All liabilities have been incurred and discharged through payment.

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## STATEMENT OF ACTUAL GRANT COSTS - UNCOMPLETED

FOR THE YEAR ENDED DECEMBER 31, 2020

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Grant:	ROSS201412
Grant Funds Approved	\$ 235,306
Grant Funds Expended	<u>27,620</u>
Excess of Grant Funds Approved	<u>\$ 207,686</u>
Grant Funds Advanced	\$ 45,754
Grant Funds Expended	<u>27,620</u>
Excess of Grant Funds Advanced	<u>\$ 18,134</u>

*See Independent Auditors' Report*

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Provided to Sub-recipients	Total Federal Expenditures
<b>Department of Housing &amp; Urban Development (HUD)</b>				
Housing Voucher Cluster				
Section 8 Housing Choice Vouchers	14.871	--	\$ --	\$ 2,864,319
Section 8 Housing Choice Vouchers - CARES Act	14.871	--	--	7,037
Total Section 8 Housing Choice Vouchers			--	2,871,356
Total Housing Voucher Cluster			--	2,871,356
Section 8 Project-Based Cluster				34,560
Lower Income Housing Assistance Program-				
Section 8 Moderate Rehabilitation	14.856	--	--	34,560
Total Section 8 Project-Based Cluster			--	34,560
Public and Indian Housing	14.850	--	--	2,841,622
Public and Indian Housing - CARES Act	14.850	--	--	403,547
Total Public and Indian Housing			--	3,245,169
Public Housing Capital Fund (CFP)	14.872	--	--	2,045,386
Resident Opportunity and Support Services	14.870	--	--	27,620
PIH Family Self Sufficiency Program	14.896	--	--	63,709
<b>Total Department of Housing &amp; Urban Development</b>			--	8,287,800
<b>Total Expenditures of Federal Awards</b>			\$ --	\$ 8,287,800

*See Notes to the Schedule of Expenditures of Federal Awards*



# **HOUSING AUTHORITY OF THE CITY OF BANGOR**

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2020**

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### **NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Housing Authority of the City of Bangor, under programs of the federal government for the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of Housing Authority of the City of Bangor, it is not intended to and does not present the financial position, changes in net position or cash flows of Housing Authority of the City of Bangor.

### **NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

### **NOTE 3 – INDIRECT COST RATE**

The Housing Authority of the City of Bangor has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS***

To The Board of Commissioners  
Housing Authority of the City of Bangor  
Bangor, Maine

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the City of Bangor as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Housing Authority of the City of Bangor's basic financial statements, and have issued our report thereon dated September 17, 2021.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Housing Authority of the City of Bangor's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Housing Authority of the City of Bangor's internal control. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the City of Bangor's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Housing Authority of the City of Bangor's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Marcum LLP*

Providence, Rhode Island  
September 17, 2021

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To The Board of Commissioners  
Housing Authority of the City of Bangor  
Bangor, Maine

***Report on Compliance for Each Major Federal Program***

We have audited the Housing Authority of the City of Bangor's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Housing Authority of the City of Bangor's major federal programs for the year ended December 31, 2020. The Housing Authority of the City of Bangor's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for the Housing Authority of the City of Bangor's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority of the City of Bangor's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Housing Authority of the City of Bangor's compliance.

### ***Basis for Qualified Opinion on the Public and Indian Housing Program***

As described in the accompanying schedule of findings and questioned costs, the Housing Authority of the City of Bangor did not comply with requirements regarding CFDA 14.850 Public and Indian Housing Program as described in finding 2020-001 for activities allowed/unallowed. Compliance with such requirements is necessary, in our opinion, for the Housing Authority of the City of Bangor to comply with the requirements applicable to that program.

### ***Qualified Opinion on the Public and Indian Housing Program***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Housing Authority of the City of Bangor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Public and Indian Housing Program for the year ended December 31, 2020.

### ***Unmodified Opinion on the Other Major Federal Program***

In our opinion, the Housing Authority of the City of Bangor complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal program identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2020.

### ***Other Matters***

The Housing Authority of the City of Bangor's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Housing Authority of the City of Bangor's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control over Compliance***

Management of the Housing Authority of the City of Bangor is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Housing Authority of the City of Bangor's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the City of Bangor's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other

*Marcum LLP*

Providence, Rhode Island  
September 17, 2021

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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### SECTION I - SUMMARY OF AUDITORS' RESULTS

#### FINANCIAL STATEMENTS

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified Opinion*

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

#### FEDERAL AWARDS

Internal control over major federal programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiency(ies) identified? ☐ Yes ☒ None Reported

Type of auditors' report issued on compliance for major federal programs:

Public and Indian Housing: *Qualified Opinion*  
Housing Voucher Cluster: *Unmodified Opinion*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☒ Yes ☐ No

Identification of major federal programs:

CFDA #	Name of Federal Program or Cluster
14.850	Public and Indian Housing
14.871	Housing Voucher Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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### SECTION II - FINANCIAL STATEMENTS FINDINGS

No matters were reported.

### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

#### *2020-001 – Activities Allowed or Unallowed*

U.S. Department of Housing and Urban Development  
CFDA #: 14.850 – Public and Indian Housing Program

#### *CRITERIA*

The Operating Fund was established for the purpose of making assistance available to PHAs for the operation and management of public housing. (42 USC 1437g (e)). Project-specific operating expenses shall include, but are not limited to, direct administrative costs, utilities costs, maintenance costs, tenant services, protective services, general expenses, non-routine or capital expenses, and other PHA or HUD-identified costs which are project specific for management purposes. Project-specific operating costs also shall include a property management fee charged to each project that is used to fund operations of the central office. (24 CFR 990.280).

The HA may only use Program Receipts for: (1) the payment of the costs of development and operation of the Projects under the Consolidated Annual Contributions Contract (CACC) with HUD; (2) the purchase of investment securities as approved by HUD; and (3) such other purposes as may be specifically approved by HUD. Except as approved by HUD, and consistent with HUD Requirements, grant funds are not fungible. (Consolidated Annual Contributions Contract 12 (b)).

#### *CONDITION*

At December 31, 2020, asset management project ME0090001 (Amp 1) had intercompany receivables of \$172,861.

#### *CAUSE*

For the past several years, the Central Office Cost Center (COCC) has not been able to generate sufficient operating income to cover its expenses. As a result, the Authority has used reserves from project ME00900001 to cover the deficits for other programs. The Authority is in the process of repaying the Project for these advances.



# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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### SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (CONTINUED)

#### *2020-001 – Activities Allowed or Unallowed (Continued)*

##### *EFFECT*

The Authority has used public housing funds for non-public housing purposes. The financial Position of the project is adversely effected by the financial burden imposed by the other programs.

##### *QUESTIONED COSTS*

None as the intercompany receivable was included in questioned costs in a prior year.

##### *CONTEXT*

The Authority owns and operates two public housing developments (ME00900001 & ME00900004). At December 31, 2020, the two public housing developments were owed a combined \$172,861 from other PHA programs.

##### *REPEAT FINDING*

This finding is repeated from Finding 2019-001 and 2018-001.

##### *RECOMMENDATION*

We recommend that the Authority continue with their corrective action from the prior year and repay the public housing program as soon as possible.

##### *AUDITEE'S RESPONSE AND PLANNED CORRECTIVE ACTION*

See Corrective Action Plan.

# HOUSING AUTHORITY OF THE CITY OF BANGOR

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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### SECTION IV – SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### *2019-001 & 2018-001 – Activities Allowed or Unallowed*

##### *CONDITION*

The Operating Fund was established for the purpose of making assistance available to PHAs for the operation and management of public housing. (42 USC 1437g (e)). Project-specific operating expenses shall include, but are not limited to, direct administrative costs, utilities costs, maintenance costs, tenant services, protective services, general expenses, non-routine or capital expenses, and other PHA or HUD-identified costs which are project specific for management purposes. Project-specific operating costs also shall include a property management fee charged to each project that is used to fund operations of the central office. (24 CFR 990.280).

The HA may only use Program Receipts for: (1) the payment of the costs of development and operation of the Projects under the Consolidated Annual Contributions Contract (CACC) with HUD; (2) the purchase of investment securities as approved by HUD; and (3) such other purposes as may be specifically approved by HUD. Except as approved by HUD, and consistent with HUD Requirements, grant funds are not fungible. (Consolidated Annual Contributions Contract 12 (b)).

*STATUS – See Finding 2020-001*

September 17, 2021

The Housing Authority of the City of Bangor has reviewed the Schedule of Findings and Questioned Costs as part of the 2020 audited financial statements and offers the following response and corrective action plan.

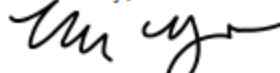
**Response/Corrective Action Plan:**

**2020-001 – Activities Allowed or Unallowed  
Material Non-compliance**

BangorHousing fully accepts the recommendations of the audit. Over the past year, there were no additional questioned costs or advances to affiliates and BangorHousing continues to make progress eliminating the amount owed. The outstanding balance has been reduced from \$357,241 at the beginning of 2020 to a current balance in September 2021 of \$3,111. We will continue to implement our corrective action plan and will eliminate this amount in the coming months.

Our goal is to remove this finding and amounts owed as quickly as possible and will continue to work toward that end. Please reach out to me if you have any questions. Thank you very much.

Sincerely,

A handwritten signature in black ink, appearing to read 'm myatt'.

Michael Myatt  
Executive Director

**Planned Implementation Date of Corrective Action:** Ongoing from January 1, 2020

**Person Responsible for Corrective Action:** Michael Myatt, Executive Director (207-942-6365)

**INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING  
AGREED-UPON PROCEDURES**

To The Board of Commissioners  
Housing Authority of the City of Bangor  
Bangor, Maine

We have performed the procedure described in the second paragraph of this report, which was agreed to by the Housing Authority of the City of Bangor (the Authority) and the U.S. Department of Housing and Urban Development, Real Estate Assessment Center (REAC), on whether the electronic submission of certain information agrees with related hard copy documents included within the audit reporting package. The Authority is responsible for the accuracy and completeness of the electronic submission. The sufficiency of the procedure is solely the responsibility of the Authority and REAC. Consequently, we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We compared the electronic submission of the items listed in the chart below under the "UFRS Rule Information" column with the corresponding printed documents listed in the chart under the "Hard Copy Documents" column. The associated findings from the performance of our agreed-upon procedure indicate agreement or non-agreement of electronically submitted information and hard copy documents as shown in the chart below.

<b><u>PROCEDURE</u></b>	<b><u>UFRS RULE INFORMATION</u></b>	<b><u>HARD COPY DOCUMENTS</u></b>	<b><u>FINDINGS</u></b>
-			
1	Balance Sheet and Revenue and Expense (data line items 111 to 13901)	Financial Data Schedule, all CFDA's	Agrees
2	Footnotes (data element G5000-010)	Footnotes to audited basic financial statements	Agrees
3	Type of opinion on FDS (data element G3100-040)	Auditor's supplemental report on FDS	Agrees
4	Audit findings narrative (data element G5200-010)	Schedule of Findings and Questioned costs	Agrees
5	General information (data element series G2000, G2100, G2200, G9000, G9100)	OMB Data Collection Form	Agrees

<u>PROCEDURE</u>	<u>UFRS RULE INFORMATION</u>	<u>HARD COPY DOCUMENTS</u>	<u>FINDINGS</u>
-			
6	Financial statement report information (data element G3000-010 to G3000-050)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
7	Federal program report information (data element G4000-020 to G4000-040)	Schedule of Findings and Questioned costs, Part 1 and OMB Data Collection Form	Agrees
8	Type of Compliance Requirement (G4200-020 & G4000-030)	OMB Data Collection Form	Agrees
9	Basic financial statements and auditor reports required to be submitted electronically	Basic financial statements (inclusive of auditor reports)	Agrees

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in *Government Auditing Standards* issued by the Comptroller General of the United States. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on whether the electronic submission of the items listed in the "UFRS Rule Information" column in the agrees with the related hard copy documents within the audit reporting package. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We were engaged to perform an audit in accordance with the *OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (OMB Uniform Guidance)*, by the Authority as of and for the year ended December 31, 2020 and have issued our reports thereon dated September 17, 2021. The information in the "Hard Copy Documents" column was included within the scope, or was a by-product, of that audit. Further, our opinion on the fair presentation of the Authority's supplementary information dated September 17, 2021, was expressed in relation to the basic financial statements of the Authority taken as a whole.

A copy of the reporting package required by the OMB Uniform Guidance, which includes the auditors' reports, is available in its entirety from the Authority. We have not performed any additional auditing procedures since the date of the aforementioned audit reports. Further, we take no responsibility for the security of the information transmitted electronically to the U.S. Department of Housing and Urban Development, REAC.

This purpose of this report on applying the agreed-upon procedures is solely to describe the procedure performed on the electronic submission of the items listed in the "UFRS Rule Information" column and associated findings, and not to provide an opinion or conclusion. Accordingly, this report is not suitable for any other purpose.

*Marcum LLP*

Providence, Rhode Island  
September 17, 2021